

Sony Chief Says It Is U.S., Not Japan, That Fears 'Tigers'

Akiu Morita, a co-founder of Sony Corp., has served as chairman and chief executive of the Japanese electronics company for 12 years. On a visit to Singapore last week, the 67-year-old industrialist discussed Japan and its economic links with Asia, the United States and Europe with Michael Richardson of the International Herald Tribune.

R&D in Japan is much, much faster than in any other country. The potential for innovation is great. I remain confident that we can remain one or two steps ahead of others.

Q. The trade imbalance between Japan and the United States has caused bitter controversy. Is the real issue Japan's unfair trading practices, as many Americans claim? Or is it about the quality and price of goods, and industrial innovation and marketing?

A. American politicians claim that the main cause of the imbalance is unfair practices of Japanese industry. That judgment is totally wrong.

Japanese manufacturers cannot force people all over the world to buy their products. Americans buy more Japanese products than we buy American goods. Why? Because Japan manufactures things that are more attractive.

Sony always sells its products at a higher price than those of its competitors. Yet we still have many customers. The essence of industrial competitiveness is not price. It is the ability to make products that people want to buy.

Q. Can the United States sell more at home and overseas?

A. I am very pessimistic because U.S. industry, with the exception of a few companies, does not have a real will to make its products attractive to consumers.

Q. Will creation of a single market in Western Europe in 1992 pose a major competitive challenge to Japan?

A. Probably so. But that's why we are aiming to be European manufacturers. By 1992, we want to be good business citizens of Europe. Sony, for example, has already become a totally British manufacturer. It has received awards for contributions to British exports. We have three factories in France.

Q. Under EC rules, Japanese companies assembling electronics products in Europe have to buy 40 percent of their components from European sources. Is that fair?

A. From the very beginning, to reach 40 percent is difficult. Some European industrialists have accused Japanese companies of setting up "screwdriver assembly" factories in Europe. They have alleged that this is a form of unfair competition.

Q. Do you think that the problems you see regarding American management and the U.S. economy are also evident in Western Europe?

A. The countries of the European Community are now taking very strong measures to recover their power. I think they

are trying to build a European business empire. They have some cooperative projects in research and development. So they are acting from a longer-range viewpoint than the Americans are to strengthen their economic power.

Q. Are you worried that young Japanese will not have the drive and determination to succeed in economic life that has been the hallmark of your generation?

A. Not at all. Older people are always concerned about the younger generation. When I was a kid, my father warned me that when I grew up our family company might be bankrupted.

Now as I get old, many people say that Japanese youth is changing. But Japanese have their own ethics and a long cultural tradition. They have a special way of doing things and of enjoying life.

These customs may be changing. But all Japanese, even youngsters, know that unless we work hard to get money to buy energy, food and other raw materials, we cannot survive. Everybody in Japan knows that we don't have oil or abundant natural resources. We are not self-sufficient in food. So I don't think the Japanese work ethic will change.

Q. Do you think that the problems you see regarding American management and the U.S. economy are also evident in Western Europe?

A. The countries of the European Community are now taking very strong measures to recover their power. I think they

are trying to build a European business empire. They have some cooperative projects in research and development. So they are acting from a longer-range viewpoint than the Americans are to strengthen their economic power.

Q. Are you worried that young Japanese will not have the drive and determination to succeed in economic life that has been the hallmark of your generation?

A. Not at all. Older people are always concerned about the younger generation. When I was a kid, my father warned me that when I grew up our family company might be bankrupted.

Now as I get old, many people say that Japanese youth is changing. But Japanese have their own ethics and a long cultural tradition. They have a special way of doing things and of enjoying life.

These customs may be changing. But all Japanese, even youngsters, know that unless we work hard to get money to buy energy, food and other raw materials, we cannot survive. Everybody in Japan knows that we don't have oil or abundant natural resources. We are not self-sufficient in food. So I don't think the Japanese work ethic will change.

Q. Do you think that the problems you see regarding American management and the U.S. economy are also evident in Western Europe?

A. The countries of the European Community are now taking very strong measures to recover their power. I think they

are trying to build a European business empire. They have some cooperative projects in research and development. So they are acting from a longer-range viewpoint than the Americans are to strengthen their economic power.

Q. Are you worried that young Japanese will not have the drive and determination to succeed in economic life that has been the hallmark of your generation?

A. Not at all. Older people are always concerned about the younger generation. When I was a kid, my father warned me that when I grew up our family company might be bankrupted.

Now as I get old, many people say that Japanese youth is changing. But Japanese have their own ethics and a long cultural tradition. They have a special way of doing things and of enjoying life.

These customs may be changing. But all Japanese, even youngsters, know that unless we work hard to get money to buy energy, food and other raw materials, we cannot survive. Everybody in Japan knows that we don't have oil or abundant natural resources. We are not self-sufficient in food. So I don't think the Japanese work ethic will change.

Q. Do you think that the problems you see regarding American management and the U.S. economy are also evident in Western Europe?

A. The countries of the European Community are now taking very strong measures to recover their power. I think they

are trying to build a European business empire. They have some cooperative projects in research and development. So they are acting from a longer-range viewpoint than the Americans are to strengthen their economic power.

Q. Are you worried that young Japanese will not have the drive and determination to succeed in economic life that has been the hallmark of your generation?

A. Not at all. Older people are always concerned about the younger generation. When I was a kid, my father warned me that when I grew up our family company might be bankrupted.

WORLD BRIEFS

Fire Quelled on Gulf Ship Hit by Iran

DUBAI, United Arab Emirates (Reuters) — Firefighters extinguished a fire aboard a British-registered supertanker that was attacked by Iranian gunboats off the coast of Saudi Arabia, Gulf shipping sources said Sunday.

They said the damaged Esso Demetia had anchored off of Bahrain after firefighters battled for six hours to quell the blaze in a bunker tank. No casualties were reported in the raid, one of two mounted Saturday by Iranian boats, ending a two-week lull in attacks by Tehran on international shipping.

In the other attack, a Filipino seaman was killed aboard the West German container ship Dhaulagiri when it was raked by machine-gun fire and rocket-propelled grenades at the entrance to the Gulf.

Beijing Warns on University Unrest

BEIJING (WP) — The Chinese government, in a warning carried on national television, has urged universities to control campus unrest and severely punish those who violate school discipline.

The only known recent demonstrations have been staged by students from Beijing University. The government warning implied that incidents may have occurred on other campuses as well.

Meanwhile, the U.S. Embassy in Beijing canceled a three-day visit warning that U.S. citizens in Beijing were in danger of a possible extremist attack, Reuters reported from Beijing.

Seoul Students Attack Party Offices

SEOUL (AP) — Students calling for "Revolution!" and hurling fire bombs tried to storm the headquarters of the governing party on Sunday during a funeral march for a radical who committed ritual suicide.

Riot policemen firing tear gas drove off the students and pursued them in running clashes through the center of Seoul. Protesters showered police with firebombs that covered streets with blazing gasoline.

The violence began when thousands of students and sympathizers marched through the city with the coffin of Park Rae Chum, who died June 6 after setting himself afire. Some of the marchers tried to attack the headquarters of the governing Democratic Justice Party during the march but were blocked by riot police. Several police and students were hurt and some protesters were arrested.

U.S. Plans to Rate Medicare Doctors

WASHINGTON (NYT) — The federal government is planning a study that will rate the more than 300,000 physicians who treat Medicare patients on the quality of their patient care, a leading administration health official said.

The proposed federal budget that takes effect Oct. 1 includes funds for preliminary work on the study, which is expected to take several years to complete. The study, as now envisioned, would rate doctors by name and results eventually would be made public.

The study will be similar to the data on the mortality rates of nearly 6,000 hospitals, published in each of the last two years, and a study on the quality of care in 15,000 nursing homes, to be made public this fall.

India Used Sikh Extremist Group

AMRITSAR, India (NYT) — The Punjab government has disarmed and disbanded a group of Sikh extremists that it had financed and armed for several months to attack and confront other militants, a top security official said.

"It was an operation mounted with the best of intentions, in good faith but the people running it did not know how to handle such matters," the official said Saturday. "The fellows went out of hand."

His remarks were the first official admission that the state's government had used one band of extremists against others. The official said the group was small, not more than 14 people, and was led by a man named Santokh Singh Kala. Security and police officials said the group members had not been very effective in the anti-terrorist operations. The officials said the operation had been limited to the Amritsar region.

For the Record

The final death toll in the June 1 mine accident in Borken, West Germany, was 51, a mine spokesman said Saturday, after the body of the last man missing was found. A series of explosions at the mine produced the nation's worst mining accident since 1962.

TRAVEL UPDATE

Yugoslavia Woos Foreign Yachtsmen — SPLIT, Yugoslavia (Reuters) — Yugoslavia is inviting foreign yachtsmen to expand and improve its chain of marinas and is loosening navigation rules for foreign yachts in an effort to attract European yachting owners and improve the country's tourism industry.

Starting this year, foreign yachts in Yugoslavian waters will no longer need new navigation permits when they change crews and passengers only when they switch captains.

Turkish Airlines has received permission to fly into Oman for the first time, Turkish diplomatic sources said Saturday in Muscat, Oman. The move followed the signing of an agreement by the countries' communications ministers, Hamoud al-Harhi of Oman and Ekrem Pakdemirli of Turkey.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Australia, Colombia, Fiji, Gibraltar, Hong Kong, Macao, Philippines, Portugal.
- FRIDAY: West Germany, Iceland.
- SATURDAY: Egypt, Hong Kong, Macao, Monaco, Taiwan.
- SUNDAY: Algeria, Trinidad and Tobago, Uruguay.

TAKESHITA: A Test in Toronto

(Continued from Page 1)

To many Japanese, Mr. Takeshita's initial successes suggest that he can accomplish what Mr. Nakasone, a leader much given to symbols and grand gestures, could not. But there are few discussions of Mr. Takeshita's political merit that do not include caveat.

Even his supporters appear to be of two minds. Although many Japanese are clearly more comfortable with Mr. Takeshita's unassuming style, they enjoyed the sense of confidence Mr. Nakasone displayed on the international stage.

Foreign Ministry officials, journalists and scholars have become increasingly open in voicing disappointment with Mr. Takeshita since the mixed results of his first foreign contacts became apparent. "Japan has influence, Paris and London want to hear our views," said Shinji Otsuki, a commentator at the Asahi Shimbun, a national daily that is traditionally a mild critic of the government. "But Takeshita never offered any."

Closer to home, the prime minister's unassuming manner is favored over Mr. Nakasone's more determined approach to relations in the region, Asian diplomats report.

At the same time, though, Mr. Takeshita's recent failure to act decisively in dismissing Susumu Okuma, a minister who publicly defied Japan's wartime role, was seen as evidence of his lack of strong views on almost any subject.

In effect, Mr. Takeshita has offered an ability to make practical advances in exchange for national vision. Some diplomats suggest that the bargain may prove more appropriate than critics will allow.

"If he talks less and does more and the rest of the world copes, perhaps Takeshita will show that Japan doesn't need a flashy new style of leadership," a Western analyst said.

Independent Moscow Political Clubs Join in Call for Change

By Bill Keller
New York Times Service

MOSCOW — An alliance of independent Moscow political clubs, in their first concerted bid to influence Soviet policy, adopted Sunday an ambitious platform of political changes to be offered at a national Communist Party conference later this month.

The platform, adopted during a five-hour meeting conducted with the approval of local party officials, calls for new freedoms in almost every sphere of Soviet life, from religion and emigration to schools and labor unions.

The most contentious proposal, which was finally rejected, was to create an elected "president of the Soviet Union," chosen by a direct, secret ballot of all citizens. Such a president would assume the powers now held by the leader of the Communist Party.

The Soviet presidency, held by Andrei A. Gromyko, is now largely a ceremonial position, while real authority rests with the party leader, Mikhail S. Gorbachev.

There was little doubt that among the independent groups Mr. Gorbachev would have been the favorite candidate for the new post, but a majority seemed to agree with one speaker, Gleb Pavlovsky, who

argued that an elected presidency would become "a dangerous new power center."

Among the dozens of ideas endorsed by the independent clubs Sunday were the establishment of free trade unions, the end of centralized control over school curriculum and textbooks, freedom of religion and the return of churches confiscated by the state, abolition of travel and emigration restrictions, new pension and consumer protection laws, and cancellation of special privileges for the Communist Party elite.

The groups called for the release of political and religious prisoners.

A suggestion that Stalin be expelled posthumously from the Communist Party was applauded, but not brought to a vote.

The debate touched on several subjects still forbidden in the official press, including a call by a Leningrad man for a new examination of the 1968 Soviet invasion of Czechoslovakia.

Leaders of the independent groups said that the historian Yuri N. Afanasyev, the popular rector of the Moscow Historical Archives Institute, had agreed to help get the platform of the independent clubs presented at the party gathering.

He was chosen last week by the

Moscow Communist Party committee as a conference delegate.

The party conference, scheduled to begin June 28, is to discuss ways of introducing greater democracy into the Soviet system of government, especially by shifting powers from the Communist Party to elected government institutions.

The more than 300 members of independent political clubs who packed the Energetika House of Culture were mostly in their 20s or 30s, many with a shaggy appearance and fiery quality of discourse.

They are clubs with names like Democratic Perestroika, Civic Dignity, Peoples' Action, and Social

Innovator, most of which have grown up in the last year in response to Mr. Gorbachev's call for greater political pluralism.

Igor Minusov, a member of the Moscow club Democratic Perestroika, said the informal groups are becoming more adept at political activity, but he said the movement still suffers from being dominated by a small circle of Moscow intelligentsia.

Before adjourning, the group agreed in principle to attempt to create a "popular front," an alternative political alliance that would attempt to field candidates for public office.

Arab Arson Suspected at Israeli Parks

By Glenn Frankel
Washington Post Service

JERUSALEM — Israeli officials said Sunday that they believe Palestinian militants are responsible for an epidemic of arson that has swept through Israel's arid forests and farmland recently.

Nearly 1,200 hectares (3,000 acres) have burned in two dozen fires over the weekend. Much of the area burned was in a 800-hectare nature reserve southwest of Jerusalem that included mature oak, pistachio and terebinth trees, all of them invaluable in the harsh desert terrain.

There have been more than 400 fires this spring that have destroyed 1,000 hectares, mainly in the Golan Heights, northern Galilee and around Jerusalem. The number of fires was about five times the usual average, according to officials of the Jewish National Fund, which oversees planting and maintenance of Israel's forests.

A spokesman for the Jewish National Fund, David Angel, said he believes that 50 percent of the 400 fires so far can be attributed to criminal acts.

Dan Perry, deputy director of the Nature Reserves Authority, which oversees Israeli parklands, said that "places we have protected for 40 years without any damage, now they are black." He added: "They are simply hitting at the beauty of the country."

About a dozen Palestinian suspects have been arrested over the past few weeks, including two teenagers detained Saturday, who reportedly confessed to setting some of the blazes.

Separately, an Israeli bus driver shot and killed an 18-year-old Palestinian Sunday after his bus was stoned, Arab hospital officials said. The army confirmed the stoning and shooting near the West Bank town of Jericho and said they were investigating the incident.

FREE, BUT NOT PRIEST — The Reverend Dick Rodgers of Birmingham, England, left, giving an icon to Vasilii Shipilov in Moscow following Mr. Shipilov's release after 36 years in Soviet institutions. Mr. Rodgers and émigrés who led a campaign for the man's release believed he was a priest persecuted for his beliefs, but he turned out to be a layman who had been jailed for vagrancy.



Ex-President Giuseppe Saragat of Italy Is Dead

The Associated Press

ROME — Giuseppe Saragat, 89, Italy's first Socialist president, died at home Saturday from a heart ailment.

Mr. Saragat, who was Italy's fifth postwar president, was one of the framers of the constitution drafted for the republic after the war. In 1946, he was elected president of the Constituent Assembly, the provisional parliament that drafted the constitution.

A native of Turin, and the son of a lawyer, he trained to be a clerk but soon turned to politics. In 1922, the year Mussolini and the Fascists came to power, he joined the Socialist Party.

Shortly after assuming a leadership post in the party, Mr. Saragat went into exile in Austria and France when Socialists were threatened by the government. When he returned to Italy in 1943 to join the partisans, he was imprisoned by the German occupation authorities.

After the war, Mr. Saragat dedicated himself to luring the Socialist Party, then led by his friend Pietro Nenni, away from the Communists. In 1947 he founded the Socialist Party of Italian Workers, which later became the Italian Socialist Democratic Party.

In the 1960s he was named foreign minister in the center-left, four-party coalition government of Prime Minister Aldo Moro. Mr. Nenni was named deputy prime minister.

Mr. Saragat was elected presi-

medical care, education and taxation.

In 1983, Mr. Saragat was voted president for life of his small party, which won 3 percent of the vote in national elections in 1987.

Mr. Saragat, who was Italy's fifth postwar president, was one of the framers of the constitution drafted for the republic after the war. In 1946, he was elected president of the Constituent Assembly, the provisional parliament that drafted the constitution.

A native of Turin, and the son of a lawyer, he trained to be a clerk but soon turned to politics. In 1922, the year Mussolini and the Fascists came to power, he joined the Socialist Party.

Shortly after assuming a leadership post in the party, Mr. Saragat went into exile in Austria and France when Socialists were threatened by the government. When he returned to Italy in 1943 to join the partisans, he was imprisoned by the German occupation authorities.

After the war, Mr. Saragat dedicated himself to luring the Socialist Party, then led by his friend Pietro Nenni, away from the Communists. In 1947 he founded the Socialist Party of Italian Workers, which later became the Italian Socialist Democratic Party.

In the 1960s he was named foreign minister in the center-left, four-party coalition government of Prime Minister Aldo Moro. Mr. Nenni was named deputy prime minister.

Mr. Saragat was elected presi-

dent in 1964 as a compromise candidate after the leading parties in Parliament failed to agree on a candidate after 20 ballots.

Other deaths

Paul R. Reynolds, 83, a literary agent whose career spanned more than half a century and whose clients included William Shirer, Richard Wright, Morris West and the estate of Henry and William James, Friday in Waterbury, Connecticut.

Cyril Magman, 88, a millionaire merchant called "Mr. San Francisco" for his philanthropy and civic work and president of the Joseph Magman department store 1938-1969, Wednesday of a heart attack in San Francisco.

Jacques Ledoux, 67, a film conservationist of the Royal Belgian Film Archives and a pioneer in film conservation techniques, in Brussels June 6.

More than 140 million copies of his works are in print, and he is one of the world's best-selling authors.

Several of his books, including "How the West Was Won," were made into motion pictures.

Mr. Reagan presented Mr. L'Amour in 1984 with the Presidential Medal of Freedom. The previous year, he received a special Congressional Gold Medal.

Born in Jamestown, North Dakota, in 1903, Mr. L'Amour quit school and left home when he was 15, working as a prizefighter, tugboat deckhand, longshoreman, lumberjack, gold prospector, circus worker, fur picker, elephant handler and amateur archaeologist.

He later lectured at the University of Southern California, the University of Oklahoma and Baylor University.

MDM GENEVE
LA MONTRE DES MONTRES
In gold or steel or gold/steel combination.
HUBLOT Water-resistant to a depth of 150 feet.
BARGELONA: Sola Cabas • BRUXELLES: Verhaegen • DUSSELDORF: Wempe • FIRENZE: Calosci, Capponi • FRANKFURT: Wempe • GENÈVE: Clemente, Bevoit de Gonda, Clément, R. Zbinden • HAMBURG: Wempe • HONG KONG: Dickson, Swamy • LONDON: Garrard, Hilton Jewellers, David Morris, The Watch Gallery, Watches of Switzerland • MADRID: Morato • MILANO: Fiumi, Galbi, Verga • NÜRNBERG: Wempe • NEW YORK: Fred Wempe • PARIS: Fred Wempe • ROMA: Bedetti, Martini • SINGAPORE: The House Club • TOKYO: Jost Gallery • VENEZIA: Salvadore • WIEN: Schullian • ZÜRICH: Barik, Galla, Neuberger.

The flavour of an island in a single malt.
Isle of Jura
SINGLE MALT SCOTCH WHISKY
PACIFIC WESTERN UNIVERSITY
BACHELORS • MASTERS • DOCTORATE
For Work, Academic, Life Experiences.
Send detailed resume for free evaluation.
600 N. Sepulveda Blvd., Los Angeles, California, 90048, Dept. 23, U.S.A.

SDI Launch Faces Delay, Study Says

By John H. Cushman Jr.
New York Times Service

WASHINGTON — The first deployment of proposed anti-missile defenses in space cannot occur before 1990 at the earliest because of a lack of heavy-duty rockets to put weapons into orbit, a congressional staff study says.

That would mean that the earliest operational date for a preliminary shield against Soviet nuclear missiles, under the Strategic Defense Initiative program, would give the Soviet Union additional time to develop countermeasures, the study said. It was published Saturday.

The study, written by aides to three senators who oppose the Reagan administration's approach to fielding a limited anti-missile defense as soon as possible, was based on interviews with SDI officials. The Pentagon has said that it wants to decide in the mid-1990s whether to deploy the first phase of the program, but that budget cuts have caused delays.

While the Pentagon criticized the study, saying it "contains more misleading assertions than facts," its criticisms were directed at other parts of the report, not at the argument that systems for launching weapons into space will be delayed.

The study contends that the initial set of defenses will prevent less than 16 percent of Soviet warheads from penetrating to their targets, and that the costs of the initial system, including expenses for its operation, will be as high as \$171 billion.

INF Condition Disputed

President Ronald Reagan on Friday rejected a condition attached to the INF Treaty by the Senate, but said the dispute would not affect the pact's implementation, Reuters reported.

The Senate approved the nuclear-weapons treaty May 27 after voting 72 to 27 to add to the ratification resolution a condition designed to hold this and future administrations to the treaty's terms as new understandings by the Senate and the administration.

The condition would require an administration to seek Senate approval of any change in the interpretation of the treaty.

The action was strongly opposed by the administration and stemmed from its "broad" reading of the 1972 ABM Treaty, which if narrowly interpreted would not allow SDI research.

Although displaying none of Mr. Nakasone's leadership qualities, Mr. Takeshita has essentially adopted without alteration the domestic and foreign policy programs initiated under Mr. Nakasone.

He has continued stimulating domestic consumption to reduce Japan's trade surplus and has led to the nation's commitment to assume a greater share of its defense burden.

In two important speeches this year, Mr. Takeshita has also sought to define initiatives by which Japan will increase its political and diplomatic activities in coming years.

He has also sought to deliver a third such speech in Toronto.

Troublesome negotiations on technology transfers and foreign access to Japan's construction market have been successfully concluded in the last several months, Mr. Takeshita is seeking an agreement on imports of beef and oranges before the Toronto meeting.

SDI Launch Faces Delay, Study Says

By John H. Cushman Jr.
New York Times Service

WASHINGTON — The first deployment of proposed anti-missile defenses in space cannot occur before 1990 at the earliest because of a lack of heavy-duty rockets to put weapons into orbit, a congressional staff study says.

That would mean that the earliest operational date for a preliminary shield against Soviet nuclear missiles, under the Strategic Defense Initiative program, would give the Soviet Union additional time to develop countermeasures, the study said. It was published Saturday.

The study, written by aides to three senators who oppose the Reagan administration's approach to fielding a limited anti-missile defense as soon as possible, was based on interviews with SDI officials. The Pentagon has said that it wants to decide in the mid-1990s whether to deploy the first phase of the program, but that budget cuts have caused delays.

While the Pentagon criticized the study, saying it "contains more misleading assertions than facts," its criticisms were directed at other parts of the report, not at the argument that systems for launching weapons into space will be delayed.

The study contends that the initial set of defenses will prevent less than 16 percent of Soviet warheads from penetrating to their targets, and that the costs of the initial system, including expenses for its operation, will be as high as \$171 billion.

INF Condition Disputed

President Ronald Reagan on Friday rejected a condition attached to the INF Treaty by the Senate, but said the dispute would not affect the pact's implementation, Reuters reported.

The Senate approved the nuclear-weapons treaty May 27 after voting 72 to 27 to add to the ratification resolution a condition designed to hold this and future administrations to the treaty's terms as new understandings by the Senate and the administration.

The condition would require an administration to seek Senate approval of any change in the interpretation of the treaty.

The action was strongly opposed by the administration and stemmed from its "broad" reading of the 1972 ABM Treaty, which if narrowly interpreted would not allow SDI research.

Although displaying none of Mr. Nakasone's leadership qualities, Mr. Takeshita has essentially adopted without alteration the domestic and foreign policy programs initiated under Mr. Nakasone.

He has continued stimulating domestic consumption to reduce Japan's trade surplus and has led to the nation's commitment to assume a greater share of its defense burden.

In two important speeches this year, Mr. Takeshita has also sought to define initiatives by which Japan will increase its political and diplomatic activities in coming years.

He has also sought to deliver a third such speech in Toronto.

Troublesome negotiations on technology transfers and foreign access to Japan's construction market have been successfully concluded in the last several months, Mr. Takeshita is seeking an agreement on imports of beef and oranges before the Toronto meeting.

D BRIEFS
Gulf Ship Hit by...
Demetra had anchored...
no seaman was killed...
University...
Attack Party...
Medicare...
Extremist Group...
Foreign Yachts...
A Test in...
Salvador Army...
Ortega Vows...
U.S. Fears...
Behind Wright...
Salvador Army...
Ortega Vows...
U.S. Fears...
Behind Wright...
Salvador Army...

AMERICAN TOPICS

How Unwanted Food Feeds Hungry in N.Y.

City Harvest is a nonprofit group in New York City that collects excess food from restaurants, grocers, truck farmers and the like and delivers it free to 115 charitable agencies such as soup kitchens, drug rehabilitation centers and shelters for the homeless.

The hard part is not finding the food nor the hungry. The New York Times reports, "Each day, it is transporting the food through New York's congested streets. The drivers of City Harvest's six vans are equipped with beepers, and the walls of headquarters are covered by color-coded maps of the city, showing the sites where food is to be picked up or delivered."

The director, Helen Pallit, who founded City Harvest six years ago, says many restaurant and store owners are afraid that if the food they contribute spoils, they will be held legally responsible if anyone contracts food poisoning. But this is not so, she adds.

"They are worried about liability," she said. "But New York passed a Good-Samaritan law in 1981, which says food given in good faith is protected from civil and criminal liability."

Short Takes

Philip M. Stern has sent a copy of his latest book, "The Best Congress Money Can Buy," along with a crisp \$1 bill, to each of the 519 members of the Senate and House who accept campaign contributions from political action committees, a practice that the book attacks. Reactions from the

lawmakers were, predictably, mixed. Representative Frank J. Guarini, Democrat of New Jersey, sent back the dollar, saying, "I am precluded by House rules from accepting cash." Representative Don Sundquist, Republican of Tennessee, accepted the dollar as a contribution but asked Mr. Stern to submit his occupation and the name of his employer so that they could be reported to the Federal Election Commission.

Panama's commerce minister, Mario Rognoni, told The New York Times that his government takes current American pressure on General Manuel Antonio Noriega, the country's leader, seriously, given the U.S. mining of Nicaraguan harbors, the invasion of Grenada and the bombing of Libya. Mr. Rognoni said, "After

Vietnam, the U.S. is picking only on small guys, and we're definitely a very small guy."

Notes About People

Pity the poor mugger who attacked Jack Hood Vaughn, former ambassador and Peace Corps head, when the slightly-built Mr. Vaughn, 67, left his New York hotel after midnight to buy a newspaper. "This fellow came up behind me, put his arm around my waist, pinned my right arm to my side and tried to remove my wallet," Mr. Vaughn recalled. "I hit him in the throat with my elbow. Then I kneced him in the groin and hit him in the jaw about five times. He was jackedknifed on his face on the sidewalk as I walked away."

The mugger did not know that, as Johnny Hood, his intended victim had been a professional prizefighter.

Peter Nero, the light-music pianist, says he and fellow pianists are an endangered species: performers these days are turning to electronic keyboards. "You look at pop, jazz, whatever you like — with few exceptions, everyone else coming up is a keyboardist," he said. "Part of it is economic. Synthesizers are a lot less expensive. But no synthesizer is ever going to make the kind of sound a piano does."

Just when Frank Sinatra quit smoking is unclear, but the singer has resumed the habit. The Washington Post reports him as saying that at his age, "the hell with it. I'm 72."



LOOK AGAIN — What appears to be an encounter with a tool-wielding midget is actually an unidentified worker in Jonesboro, Georgia, spreading a billboard picture on an advertisement for an amusement park's roller-coaster ride.

volume containing a year's worth of strips, by the Kitchen Sink Press of Milwaukee. Hard cover is priced at \$27.95; paperback \$16.95. The owner, Denis Kitchen, said he hopes to sell 5,000 copies of each volume. He arranged for publishing rights with the family of the strip's creator, Al Capp, who died in 1979. Mr. Kitchen said, "There are an awful lot of aficionados out there on the edge of their seats waiting for this."

All 43 years of the "LPI Almer" daily and Sunday comic strip, which ran from 1934 to 1977, will be published in unabridged book form over the next 10 years, each

U.S. Fears Exploitation Of the Hostages by Iran

WASHINGTON — As it looks ahead to the presidential campaign, the White House has been warned by a State Department counterterrorism official that Iran is "not above exploiting" the nine American hostages in Lebanon.

That message was sent by the official, Robert M. Oakley, in a memo to Lieutenant General Colin L. Powell, the national security adviser. State Department officials were also made familiar with its contents.

The memo was written about two weeks ago, officials at the White House and State Department said. It was disclosed initially by The Wall Street Journal.

"He basically has been warning people that, based on past experience, someone in Iran — and not necessarily the government — may try to jerk us around," said an administration official. "His message was that we all need to be on guard."

The Journal's report said Mr. Oakley, director of the State Department's counterterrorism office, foresaw "possible offers to release some hostages before the November election," perhaps in exchange for a pledge from Vice President George Bush that if he wins he would soften policy toward Tehran.

The newspaper said, "An Iranian official recently tried to arrange a clandestine meeting with a Bush aide, whose colleagues told him he would be 'crazy' to meet secretly with the Iranian."

Mr. Bush, speaking Friday in Denver, said he was familiar with the news report but added, "I don't know anything about it, nothing at all."

The Americans are believed to be held by Shiite militants in Lebanon with whom Iran has influence. While administration officials confirmed that the memo had been

written, White House aides sought to minimize its significance. "I think it's safe to assume in a common sense way that Iran is not above exploiting the elections in some way," said Martin Fitzwater, the White House spokesman. "It's kind of an obvious, common sense approach."

Other officials, speaking privately, said Mr. Oakley's memo had been drafted as an update on the hostage matter and was designed to counterbalance growing speculation that a release of Americans may be imminent.

Ortega Vows to Observe Truce And Expects Talks to Resume

By Julia Preston Washington Post Service

MANAGUA — President Daniel Ortega Saavedra says the Sandinist government will maintain a de facto cease-fire with the contra rebels "as long as we possibly can" and expects to return eventually to negotiations.

Despite the breakdown of armistice talks with the contras last week, the government is taking no measures to revert to a wartime footing and will preserve the political liberties initiated during the 10-month regional peace process, Mr. Ortega said.

In his first interview since the talks collapsed Thursday, Mr. Ortega attributed the rupture to Reagan administration influence on the people, not the proposals, in the contra camp.

He said the Sandinists believed that Alfredo Cesar and Adolfo Calero, two top contra politicians, were interested in an accord but that they ultimately were restrained by Washington.

A monitoring commission set up under a March 23 cease-fire pact is still collecting by today's date and will be a key channel between the two warring sides in coming months, Mr. Ortega said.

But he said the contras appear to be waiting for the results of the U.S. presidential election in November before resuming the talks.

If Vice President George Bush wins, the contras might face improved prospects for renewed military aid, cut off by Congress on Feb. 3.

In the meantime, Mr. Ortega said, "We haven't issued orders for our troops to attack, and we don't plan to for as long a time as possible." He called the current truce, which has been in effect nationwide since March 21, "very positive for the Nicaraguan people."

The government now says it will observe an extension of the cease-fire until July 1. The contras, for their part, said they will refrain from attacking Sandinist forces, but they spoke of no time limit.

Mr. Ortega said that behind-the-scenes contacts between Mr. Cesar, a Social Democrat, and the Sandinists' American lawyer, Paul Reichler, began weeks before the meetings in Sapoá, Nicaragua, that led to the March 23 cease-fire agreement.

The president said the early contacts with Mr. Cesar were the key factor in the Sandinists' decision to go to the Sapoá meetings.

The Sandinists understood from Mr. Cesar that he was interested in getting government guarantees to allow him to return to Nicaragua to run in a fair election for president in 1990. "We agreed with that," Mr. Ortega said. "It was a true conspiracy."

At Sapoá, Mr. Ortega said, the Sandinists came to believe that Mr. Cesar was also interested in returning to Nicaragua to take up a political career. At the close of the Sapoá sessions, Mr. Calero and the president's brother, Defense Minister Humberto Ortega Saavedra, spoke alone for nearly an hour.

But in Daniel Ortega's view, some State Department and CIA officials were dismayed by the Sapoá accord and worked to undermine it. He speculated that the CIA used "some dirty laundry" to pressure the two contra leaders.

Octaviano Cesar, Alfredo Cesar's brother, has been linked in news reports to drug trafficking in Costa Rica. Mr. Calero was linked to the Iran-contra affair but has not been implicated in any wrongdoing.

"I'm sure if Calero were free to act he would already have signed a peace accord," Mr. Ortega said. "But, he added, "We are now convinced that Cesar isn't good for anything."

The Sandinists believe the pressures of the negotiations caused the contras' military chief, Enrique Ramirez, to leave the negotiations. Mr. Ortega vowed this as a necessary development in the peace process. Mr. Bermudez was a colonel in the National Guard of the Somoza regime, which the Sandinists overthrew in 1979.

"When there is a new round of negotiations, things will be clear," Mr. Ortega said. "We will be face-to-face with the real players of the State Department. We know it will be much more difficult to reach a permanent armistice agreement with them."

"But at least we will be able to keep the truce going and continue discussing our proposals, which sooner or later they will have to accept."

U.S. Blames Sandinists

Bill McAllister of The Washington Post reported from Washington: The Reagan administration has blamed the Sandinist government for the collapse of the peace talks, and it has announced it is sending the State Department counselor, Max M. Kampelman, to Central America to assess the situation.

The White House spokesman, Martin Fitzwater, attributed the breakdown in negotiations to "Sandinista intransigence over democratic reform."

He said Saturday that the United States hoped the talks would resume, but he accused the Nicaraguan government of agreeing to the peace talks with the "sole goal" of disarming the rebels.

Mr. Kampelman will begin a visit to the region Monday. The stated purpose of the trip is to brief five Central American leaders on the Moscow summit meeting.

A State Department official said that administration officials would meet with contra leaders this week to determine their next step.

"It'll be up to the resistance to tell us if the peace process is dead," the official said.

Man Shot to Death in Belfast

Agent France-Press BELFAST — A Roman Catholic man was shot to death Sunday morning in northern Belfast in what police said was apparently a sectarian killing. Gunmen opened fire from a passing car as the man was getting into his car, the police said. There was no immediate claim of responsibility.

Information gathering, investigation, advertisement. Surrogate for your fact finding mission. Best credibility with reasonable cost. For international clients only. Investigation Research Dept. Mr. Haruo Ando ANDO SEMITSU CO. LTD. 3-1-1, Sakuragaoka 1-chome, Setagaya-ku, Tokyo 158, Japan. Tel. 03-3520-1101

Behind Wright Inquiry, A '2-Bit Book' Bought In Bulk by His Friends

By Richard L. Berke New York Times Service

FORT WORTH, Texas — At the center of an ethics storm surrounding Jim Wright, the speaker of the House of Representatives, is a modest-sized book written by a Democratic leader and bought in bulk by longtime supporters to benefit him financially.

One friend of Mr. Wright's here said he bought about \$6,000 worth of the paperback at \$5.95 apiece. The friend, S. Gene Payte, a development lawyer, said he did so to help Mr. Wright without violating federal law. Those laws allowed him to contribute no more than \$1,000 to the speaker's congressional campaign.

"It was just trying to make a contribution to Jim's income," said Mr. Payte. "And I couldn't give him any money. There are rules against that. So I bought his book."

Another friend, Gene Wood, said that to "help Jim," he bought \$1,000 worth of the books. "There's no big money here," said Mr. Wood, an orthodontist in Fort Worth, "just friendship."

Donald J. Simon, a Washington lawyer who specializes in campaign finance, said that buying the book in bulk probably would not violate federal laws unless it could be proved that the money went to Mr. Wright's congressional campaign.

The publication arrangement for the 117-page book, "Reflections of a Public Man," is one of several aspects of Mr. Wright's conduct that the House ethics committee, following Republican complaints, said Friday it would investigate.

William Carlos Moore, the publisher, said Friday that he conceived the book idea in 1984 as "a vehicle to show the world this man, and for him to make a buck and me to make a buck."

Mr. Moore, a gregarious consultant to many Democratic campaigns in Texas and a Wright political operative here, said he was surprised by the attention for what he called a "two-bit book with very little fresh stuff."

The committee is investigating whether Mr. Wright was paid excessive royalties and whether they were in return for his giving substantial campaign business to the book's publisher — \$600,000 worth in the last decade.

The panel is also looking into whether Mr. Wright used a staff member's taxpayer-paid time at work to help edit the book.

Several associates of Mr. Wright said the book project had two purposes: to make a profit and to expand his political philosophy.

"He thought that this might be of some value to history," said Ben H. Proctor, a history professor at Texas Christian University who reviewed an early draft of the book for Mr. Wright.

Yet when it came out in early 1985, while Mr. Wright was the House Democratic leader, it made barely a ripple in his home district. Mr. Moore said limited numbers of copies were sold at three bookstores and at political rallies.

Mr. Moore said that more than half of the 17,000 copies printed were sold in bulk quantities to a few Wright supporters.

Mr. Moore, who owns a printing and political consulting company, said the Wright book was the only one he had ever published.

He said he advanced \$16,000 of his own money, including \$10,000 from a bank loan, for the project. Mr. Moore said he borrowed the money from Central Bank and Trust in Fort Worth even though he was already in debt.

Major book publishers in New York said the royalty percentage was excessive in standard book publishing arrangements.

House rules are vague on what constitutes an excessive royalty payment. Mr. Moore said he made a \$40,000 profit, and Mr. Wright got about \$55,000.

Wright Denies Charges

Mr. Wright denied on Sunday that he had violated conflict-of-interest rules in his financial dealings and said he was "extremely confident" of being cleared. The Associated Press reported from Washington.

"I haven't done anything dishonest or illegal," said Mr. Wright, who appeared on two television interview programs. "I'm convinced I haven't violated any rules of the House."

He called the charges "a partisan political ploy" raised by Republicans seeking to deflect Democratic charges of ethical violations by current and former members of the Reagan administration.

Representative Jim Wright holds a copy of the book that is at the center of an ethics investigation.

He said he had paid off only a small part of a \$148,713 tax debt to the Internal Revenue Service relating to a 1975 conviction for tax evasion. But he said he did not have trouble obtaining the loan.

The four-page book contract was dated Dec. 12, 1984, and signed by Mr. Moore and Mr. Wright. Under the contract, of the \$5.95 each book was sold for in bulk or singly, the author received \$3.25, or 55 percent, and the publisher, whose company is the Madison Systems Corp., \$2.70, or 45 percent.

may be because there are so few political opponents left to be killed. The exhumation at El Tablon was carried out late last month under the direction of Jorgen Thomsen, a Danish forensic pathologist and member of the Committee of Concerned Forensic Scientists for the Documentation of Human Rights Abuses.

It showed that the ears and nose of Maxio Cruz Rivera, 16, had been sliced off, along with his ring finger. The skull of Felix Antonio Rivera, 25, was crushed and his thumbs cut off. His ears were missing and one of his legs had been shattered.

More than a dozen villagers and family members who said they witnessed the capture of the two victims said government troops were responsible for the killings.

"We cannot investigate every combat report," he said. "In these cases, I must believe what my colonels report."

Earthquake Hits Yugoslavia

Belgrade — An earthquake shook northwest Yugoslavia on Sunday but no damage or casualties were reported.

INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.

Table with 3 columns: TITLE, SALARY, EMPLOYER. Rows include Attorney, Business Affairs Manager, Technical Sales Manager, Managing Director, Int'l Buyer, Primary Research Center Manager, Information Center Manager, PC Market Analyst, Research Assistant, Accounting Clerk.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France. Tel: (1) 46.37.93.81. Telex: 613395

Salvador Army Linked Anew to Political Killings

By Douglas Farah Washington Post Service

EL TABLON, El Salvador — Two simple wooden crosses marked the common grave of two young men whose tortured, mutilated bodies were exhumed at the request of family members and villagers, who blame the killing on the military.

The bodies were buried in the barren hills of Morazan Province, about 100 miles (160 kilometers) east of the capital, and reporters walked several hours to the site through territory often stalked by leftist guerrillas.

Human rights workers say the killings are the most grotesque illustration of a rapidly deteriorating situation. With President José Napoleón Duarte terminally ill and the civilian government steadily weakening, the workers fear things will get worse.

In addition to a growing number of deaths clearly attributable to political or military motives, bodies are frequently turned up on the roadside, often with their heads and thumbs tied behind the back.

Maria Julia Hernández, director of the Catholic Church's Legal Aid

Office, El Salvador's most respected human rights monitor, said the rising level of violence appeared to be a result of three factors:

• Declining economic and social conditions.

• A fear on the part of the military that political openings on the left permit legal standing for the guerrillas.

• An amnesty enacted in November that closed the books on all political crimes committed by the military, allowing soldiers to believe they can act with impunity.

In the early 1980s, the military was widely regarded as one of the hemisphere's most brutal, and U.S. policy focused on controlling official abuses and disbanding rightist "death squads" while supporting a civilian government.

Political killings, most of which were committed by death squads, were at their height in 1980-82, reaching about 800 a month. There were only 24 for all of 1987. For the first four months of this year, 21 political killings occurred. The victims have included labor union organizers as well as seemingly non-political peasants and urban laborers.

Death squads began as paramilitary organizations often organized among members of specific military units or security forces. They embarked on an unofficial war to terrorize and kill anyone suspected of involvement with leftist guerrillas or politically sympathetic to them.

The army has improved its reputation in recent years, but according to diplomats and government officials, U.S. officials here are troubled about reports of new military human rights violations and are pressing to have two colonels whose suits have the worst records removed from their commands and transferred outside the country.

Archbishop Arturo Rivera y Damas said recently that every time the government violates human rights, it "loses what little had been gained, and the pendulum swings toward the other extreme."

According to villagers, the soldiers were accompanied by a woman from the village who directed the troops to the homes of the victims and denounced them as rebel collaborators. A third man, Sebastian Gutierrez, 18, was reportedly taken away at the same time and is missing.

Witnesses said they watched the next day as the three were forced to

AFGHAN: Exiles Losing Political Power to Guerrillas ARMS: Plan Is Welcomed

(Continued from Page 1) over the government. His group is regarded as the best organized and probably the best armed of the seven-party guerrilla alliance. The fractious guerrilla groups here and, more important, the commanders inside Afghanistan, could agree on sharing responsibility and set up a new government, perhaps beginning with a jirga, a traditional Afghan gathering of leaders. But this scenario is considered highly unlikely. The aged king could return as a unifying force. Zahir Shah, regarded as a cautious modernizer in his time, has, however, little association with the guerrillas and has lived quietly for years in Italy. There could be a complete breakdown of civil authority and a civil war. An important unknown factor is the effect on Afghan society of more than eight years of war. During the war, people from isolated mountain valleys joined together to fight the Soviet troops and their Afghan government allies, or trekked through strange territory, as five million Afghans have, to become refugees. Some experts on Afghanistan contend that the experience will break down traditional ways and divisions, noting in particular that several of the guerrilla commanders in the field have emerged as leaders through a kind of meritocracy rather than because of family ties, the traditional route to authority. "The experience of war and exile holds the makings of a real Afghanistan for the first time," argued G. Whitney Azy, a Fulbright scholar winding up a tour in Pakistan. "Out of this trauma, there is a new sense of nationalism, of common experience, common cause, exposure to the outside world," Mr. Azy said. "There's a whole generation of folks in their thirties running organizations in Afghanistan who have grown up with a new sense of national identity." The seven-party alliance in Peshawar is to a large extent the creation of the Pakistani military intelligence service, which channels American arms and other aid to the guerrillas. The Pakistanis require refugees to register with one of the seven parties before they are given aid. In addition to the three fundamentalist parties, there is one other fundamentalist party, Ittihad-e-Islami, which gets money from Saudi Arabia, and three other parties loosely defined as Islamic traditionalist groups. These groups are made up of Sunni Muslims, members of the majority faith. There are also some Shiite Muslim guerrilla parties, mostly among the ethnic Shaites known as Hazars in the center of the country. Some of these groups are believed to receive weapons

from the Shiite regime in Iran of Ayatollah Ruhollah Khomeini. Afghans from fighters to intellectuals are open in their criticism of the organizations, saying the groups have formed an alliance in name only and are mired in infighting and corruption despite success in the field. "They're a fractious lot, with different philosophies and ideologies and don't particularly like each other," said a Western diplomat who follows the groups closely. "This calls for self-confidence and the ability to recognize and use new developments," he added, citing Mr. Reagan's Moscow trip as an example of such an approach. Officials from Britain, France and the United States attending the conference reacted negatively to the Soviet proposal when it was described Friday. Mr. Genscher's statement in Potsdam made him the first high-ranking Western official to welcome the Soviet plan. Mr. Genscher, a leader of the liberal Free Democratic Party, has become the dominant force in foreign policy in Chancellor Helmut Kohl's coalition government, at the expense of the more conservative figures in Mr. Kohl's Christian Democratic Union. Mr. Genscher's speech was seen by some conference participants as a bid by the foreign minister to expand his influence in managing the relationship between East and West Germany and, more broadly, Eastern and Western Europe. The Soviet conventional arms reduction proposal was outlined in a speech by Colonel General Nikolai Chervov, a senior officer in the arms control division of the Soviet general staff. The speech drew immediate criticism from Senator William S. Cohen, Republican of Maine, and the British minister of state for foreign affairs, David Mellor. Both Mr. Cohen and Mr. Mellor said the Soviets had blocked any serious exchange of data for 14 years during NATO-Warsaw Pact negotiations in Vienna on reductions in conventional arms. They and other conference delegates also criticized the Soviets for introducing a new conventional arms control plan at a time when negotiators from the two blocs in Vienna have nearly completed a new mandate for conventional arms talks. Senior Soviet officials, who were attending the institute's annual conference for the first time, made public the details of the arms control proposal presented by Mr. Gorbachev in Moscow and mentioned Tuesday by Foreign Minister Eduard A. Shevardnadze in a speech to the United Nations in New York. As described in Potsdam, Mr. Gorbachev's proposal would begin with a detailed exchange of data on the conventional armaments and troop units that each alliance has stationed between the Atlantic Ocean and the Ural Mountains, in the western Soviet Union. The data would be used to establish a weapons system in which neither side had an advantage. Disputes over this would be resolved through on-site inspections, and the disparity would be eliminated before the next stage would be reached. The Soviet officials avoided specifying whether disparities in troop levels would also be eliminated in this stage, but other East Bloc officials who apparently had been briefed on the plan said this first phase would involve bringing the number of troops on each side down to equal levels. In the second phase proposed by Mr. Gorbachev, NATO and the Warsaw Pact would each cut 500,000 troops from their forces in Europe. This would leave each alliance with about 1.8 million troops, based on figures published by the International Institute for Strategic Studies. The two alliances would then begin restructuring their remaining forces into "defensive" units lacking the armor, artillery and other equipment needed to launch surprise attacks against the other. Mr. Gorbachev echoed this last point Saturday, saying a conventional arms control accord must "draw up principles determining what strength, equipment and deployment of forces are needed for the purposes of war prevention and self-defense."

AIR: Europe Strained

(Continued from Page 1) future." Like many other airline officials, he said Europe needs a centralized air traffic control agency to help reduce the lack of coordination between countries. Last year, 25,841,000 passengers flew over the North Atlantic, up 23 percent from 1986. Some aviation experts predict that the total this year will jump by more than 3 million, exceeding 29 million. In July 1987, the busiest month of that year, there were 450 trans-Atlantic flights a day. Many officials predict that the number will exceed 500 a day next month. Greater competition and new points of arrival and departure also are creating more traffic. Delta Air Lines recently has added flights between Orlando, Florida, and Frankfurt, while American Airlines now has flights between Dallas-Fort Worth and Madrid and between Raleigh-Durham, North Carolina, and Paris. "What's creating congestion in Europe is overcrowded airports and an inadequate air control system," said Stephen McGregor, an American Airlines spokesman. "As much as people complain about the American air control system, the European system is far behind." Many European officials agree. Since airlines began their summer schedules two weeks ago, many European airports, including Rome, Milan, and Munich, have been thrown into crisis. On May 26, the Munich airport canceled 23 flights because of congestion in the air and on its single runway. Joachim Lischka, chairman of the West German Civil Aviation Authority, said a major problem for trans-Atlantic and intra-European flights was the lack of coordination among air controllers. "Some of the European countries are so small that a flight goes over them in just five or six minutes and then that country's air controllers have to hand over the flight to the next country's controllers," he said. "What we need is a central European authority to create a more efficient, less fragmented network."



GREETINGS FOR MANDELA — Some of the more than 70,000 fans at an anti-apartheid fund-raising concert in London holding up birthday wishes for Nelson Mandela, the imprisoned South African black nationalist who turns 70 on July 18. The concert lasted nearly 11 hours and featured entertainers from the Bee Gees to Stevie Wonder, with a finale by the American operatic soprano Jessye Norman. It was the biggest charity rock concert since Live Aid raised money for famine victims in 1985.

RIVALRY: For Italy and Spain, Similar Aspirations and Similar Problem

(Continued from Page 1) restored democracy and the monarchy, changed government leftward by popular vote, entered the EC and confirmed its NATO membership in a national referendum. All these heady events have given the country a renewed pride in itself and a sense of direction. Italy may be moving toward some kind of political realignment, with the power of the Communist Party on the wane and that of the Socialists waxing. But there has been no fundamental redistribution of political power since the end of World War II. Spain's newness as an EC member shows in small but illuminating ways. Spanish bureaucrats at EC headquarters in Brussels still dislike living abroad and tend to fly home on weekends. Madrid government officials are already nervous about Spain's first term in the EC's presidential chair next year. More importantly, Spain is only just beginning to feel the first impact of EC membership on traditional heavy industries like iron, steel and shipbuilding, which are being badly hit as government subsidies and protection are removed. Italy restructured much of industry after the two oil crises of the 1970s. Politically, officials from other EC nations sometimes privately confessed to uneasiness when Spain joined in 1986, the first major new member to be admitted since Britain in 1973. One fear was that Spain would take over in the 1980s as the community's most nationalistic and difficult member, after France in the 1960s and Britain in the 1970s. That has not happened so far. But Italy, in particular, has always been of two minds about having Spain as a partner. On the plus side, in the Italian view, the presence of Spain in the community would give greater weight to the Mediterranean area, and thus to Mediterranean interests. On the minus side, Spain has always been seen by Italy as a major potential competitor, both for EC funds and as a rival exporter of such Mediterranean produce as wine, olive oil, fruit and vegetables. With the agreement earlier this year to double EC structural support funds by 1992, the first of these anxieties has receded, according to Rome officials. "In that respect, we do not regard Spain as a competitor," said Roberto Nigido, minister plenipotentiary in charge of coordinating Italy's EC policies at the Italian Foreign Ministry. "Each country will have a reasonable share according to its necessities." On the commercial front, however, Renato Ruggiero, the Italian minister of foreign trade, said,

"there is increasing competition from Spain, because their agricultural products are better marketed." Ironically, he put this down to the fact that Italy had been in the EC far longer. Generous financial support from Brussels for Italian agriculture had lessened incentives to "produce and sell better," he said. Spain, obliged to "fight on its own," had made its agriculture more dynamic. Looking ahead, however, Mr. Nigido said that Rome and Madrid had "a lot of common ideas" for the EC's future development. Both countries, unlike Britain for example, wanted to see much more policy coordination, and much more community money spent, in areas like research, transport, new technology and the environment. Those priorities clearly reflect the similar handicaps both countries feel they are burdened with as 1992 approaches. For Spain, 1992 head of planning at Pirelli, which has extensive operations in both countries. The Italians treat Spanish managers, customers and suppliers much more like partners than the French do, he said. Looking at Italy, many Spaniards see a country with a similar background and culture that has overcome familiar problems to succeed in Europe and the wider world. "There are a lot of things in Italy we should learn," said Miguel Angel Fernandez Ordóñez, the Spanish state secretary for commerce. "The Italians have incredible innovation and management," he said. "But our public administration is more serious, better and more qualified. In that sense we are more like France or Germany." That is a common theme among experts who have compared the two countries. Italy's inefficient public administration is widely agreed to constitute one of main

'Spain has a better public administration, but Italy has more entrepreneurs. Italy is better managed; Spain is better administered.'

Romano Prodi, chairman of IRI

is a double deadline, as it is also the year in which the country completes its transition to full integration into the EC's existing economic structure. Economists in both countries say the main challenge they face in adapting to the single market is the need radically to modernize outdated public infrastructures, particularly transport and communications. Spanish and Italian complaints about the telephones, the railroads, traffic congestion and poor public health and education services sound virtually identical. Nevertheless, many Spaniards today say they look to Italy, rather than neighboring France, as their model. "Italy has the most similar people to us and the most similar climate," said José María Aguirre González, a member of the executive committee of the CEOE, the Spanish Employers' Organization. For historical and cultural reasons, Italians and Spaniards are sometimes uncomfortable with the French. The Spaniards have a long historic consciousness, and memories of the Napoleonic invasion are still surprisingly fresh, say Madrid analysts who have studied the phenomenon. Italians get on better with Spaniards because the Italians have a "less colonialist approach" than the French, said Maurizio Prete,

threats to the country's economic and commercial progress. "Spain has a better public administration," said Romano Prodi, chairman of IRI, Italy's largest state holding group. "But Italy has more entrepreneurs. Italy is better managed; Spain is better administered." The parallels between Italy and Spain are much more striking than between either country and France, Mr. Prodi said. Spain and Italy had followed largely similar patterns of industrial development, based on a proliferation of small- to medium-sized companies. Today, the two countries face a remarkably similar range of economic problems. They include interest rates that are among the highest in the West and persistently high levels of unemployment. Spain's jobless rate is just above 20 percent, according to official figures, and Italy's is 12 percent — compared with an EC average of 11 percent. With domestic demand rapidly expanding at an annual rate of 5 percent to 6 percent in Italy and 8 percent in Spain, economists in both countries are warning that steps should be taken to restrain consumption. Although neither country is yet overly concerned, imports are pouring in much faster than exports are rising. On the positive side, both countries for the time being appear to have inflation much better under control than in the past, with Spain holding at an annual rate of 4 percent and Italy at 5 percent. And in both countries industrial production is expanding healthily and business profits are high. In Italy, successful businessmen have long been admired. "The basic culture of the country is favorable to economic success," said Franco Bruni, an economics professor in charge of a new management program at Milan's Bicocca University.

In both countries, but especially in Italy, there are fears that a post-1992 single market will draw even more resources from the southern, peripheral regions in Europe's central heartlands. Some economists are concerned that the entire Mediterranean area — including Italy, Spain, Portugal, Greece and, far from the Mediterranean, Ireland — could become backward region in a "dual" economy at European level. In keeping with Madrid's greater optimism about the future, such fears tend to be Italian rather than Spanish. "Some Italians worry that it will get caught in a Mediterranean area of the community characterized by high unemployment, backward public services, relatively stable currencies and inflation said one analyst in Rome. Spaniards tend to envision much more appealing scenario of booming Mediterranean area co-sitely growing faster than Northern Europe as it catches up with the rest of the community. And some Italians share that view. Fretti's Mr. Prete said he expected Mediterranean Europe to become "the Southern growth pole of Europe." Presumably because it is behind the North, it has a big potential market, he said.

Protesters and Police Clash in Bangladesh

DHAKA, Bangladesh — About 50 people were slightly injured Sunday when the police clash with demonstrators protesting constitutional amendments making Islam the state religion of Bangladesh, witnesses said. The police reported 30 arrests. The demonstrations coincided with a one-day strike called to protest the bill, which was passed Tuesday. Most shops and private businesses remained closed. Government offices were open, but attendances were reported as poor.

Geneva NEWS THE MAGAZINE OF SWITZERLAND'S INTERNATIONAL LIFE IF IT GOES ON IN GENEVA, IT GOES INTO GENEVA NEWS AND INTERNATIONAL REPORT INTERNATIONALLY, GENEVA IS RARELY OUT OF THE NEWS. NOT SURPRISINGLY, FOR THIS IS A CITY OF TREMENDOUS SYNERGY — AN ENERGY TO BE INVOLVED AND INFLUENTIAL IN IMPORTANT WORLD EVENTS, AND THE PEOPLE OF GENEVA TOO, BOTH RESIDENT AND TRANSIENT, SHARE IN THIS VITALITY. SUCH A MIX MAKES FOR A PLACE WHERE SOMETHING HAPPEN AT A FAST PACED RATE WHEN THINGS HAPPEN, GENEVA NEWS IS THERE TO REPORT IT. IN ADDITION TO ITS IN-DEPTH COVERAGE OF ALL ASPECTS OF THE WORLD AND LOCAL EVENTS GENEVA NEWS ALSO ADDRESSES: • BUSINESS NEWS • IMPORTANT SOCIAL TOPICS • HOW (AND WHERE) TO FIND TOP QUALITY ACCOMMODATION • RESTAURANTS • LEISURE • ARTS AND CULTURE. GENEVA NEWS AND INTERNATIONAL REPORT, EVERY MONTH BY SUBSCRIPTION OR FROM YOUR NEWSAGENT. IF YOU WORK, REST OR PLAY IN GENEVA GENEVA NEWS IS YOUR PASSPORT TO SWITZERLAND'S INTERNATIONAL LIFE. IS, rue des Eaux-Vives 1207 Genève TEL. 022/96 05 05

Save 40% or more off your newsstand price when you subscribe for 12 months to the International Herald Tribune. The longer you subscribe the more you save. We'll give you 13 extra issues for each three months you subscribe. That's 26 extra issues for six months — or — 52 extra issues for a twelve-month subscription. Total savings: Up to 40% or more in most European countries. Herald Tribune

FRANCE: Short of Majority

(Continued from Page 1) the Socialists and most conservatives on European integration and budgetary stringency. The most controversial issue in the campaign was an electoral alliance in Marseille between local conservatives and the National Front of Jean-Marie Le Pen. Mr. Le Pen, who won nearly 15 percent of the popular vote in the presidential election, was defeated Sunday, together with Bernard Tapie, a businessman and owner of the Marseille soccer team, who entered politics to oppose the National Front in this election. But a conservative deal in Marseille with the National Front probably foreshadowed similar alliances in future elections, observers said. It apparently saved some conservative seats, without causing a national backlash by centrist voters who consider Mr. Le Pen a racist. Despite the plunge in his party's fortunes, Mr. Le Pen said: "There is no relation between a political movement and its political representation." He added that "the significance of this anti-democratic election is that there is no presidential majority."

ESCORTS & GUIDES INTERNATIONAL CLASSIFIED

(Continued from Back Page) ESCORTS & GUIDES ARISTOCATS London Escort Service 3 Southdown Street, London W1, All major credit cards accepted. Tel: 01 238 0090 (3 lines) 12 noon - midnight. LA VENTURA N.Y. ESCORT SERVICE 212-688-3344 LONDON BELGRAVIA Escort Service Tel: 736 5877. MAYFAIR CLUB ESCORT SERVICE from Spain BOTTLEDMAN (01) 10-025-115 THE HAGUE (0) 70-60 79 96 CAPRICE-NY ESCORT SERVICE IN NEW YORK TEL: 212-737 3291. REGENCY WORLDWIDE ESCORT SERVICE NEW YORK & LONDON Tel: 212-688-0272 USA. ** ZURICH 558720 ** Private Tourist Guide Service Credit Cards Accepted

WORLDWIDE ENTERTAINMENT DAL DU MOULIN ROUGE FORMIDABLE THE CENTENNIAL SHOW 8 p.m. dinner dance Champagne and show F.F. \$10 10 p.m. and midnight, champagne and show F.F. \$30 Service included. MONTMARTRE-PLACE BLANCE Tel. (1) 46.06.00.19 and Agencies

To: Subscription Manager, International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Please check the subscription term you desire: [] 52 extra issues with a 12-month subscription (264 issues in all) [] 26 extra issues with a 6-month subscription (182 issues in all) [] 13 extra issues with a 3-month subscription (91 issues in all) [] My check is enclosed Please charge my: [] Access [] Amex [] Diners Club [] Eurocard [] Mastercard [] Visa

Handwritten signature or mark at the bottom of the page.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Moscow Gets Religion

An extraordinary gathering of world religious leaders assembled in atheist Moscow last week to celebrate a millennium — the 1,000th anniversary of the Russian Orthodox Church. Participants included the archbishop of Canterbury, the Vatican's secretary of state and the Reverend Billy Graham.

the buildings, overseas clergy and remains the sole publisher of Bibles and other religious literature, constantly in short supply. Religious instruction for children is prohibited. Two hundred Soviet citizens remain imprisoned for their religious beliefs — although there were more than 400 in 1985. Countless others suffer educational and professional discrimination.

A Global Greenhouse

Last year was, worldwide, the warmest on record. The four warmest years in modern history all fall in the 1980s. There is a good deal of uncertainty about the rate at which this planet is getting hotter, but there is no doubt about the direction of the trend, or the reason for it.

again in the early 19th century. Since then, in an irregular and unpredictable pattern, the world has been getting warmer. In recent years, man-made emissions of insulating gases have apparently begun to overwhelm whatever natural process might be at work. Changes in the world's average temperatures are measured in tenths of a degree centigrade per decade, but a few tenths is enough to affect the climate perceptibly.

So Long to the Contras

Perhaps it was not the Sandinists' purpose to use their talks with the contras to destroy them, but the results have been going that way. The talks opened with the contras at an immense disadvantage after the U.S. Congress cut off their arms supply and with it, their option to resume battle and their capacity to demonstrate strong patronage.

trying to stir up support for a new vote on contra aid. A newly subdued House Speaker Jim Wright says he does not lay blame because he does not know what happened. His leadership colleague, David Bonior, indicates that some Republicans, if not the contras, appeared eager to have the talks fail precisely in order to seek new military aid.

Other Comment

No Slackening in Tehran Despite recent military setbacks, Tehran shows no signs of slackening its efforts in the Gulf war. Indeed, perhaps because of the reverses and in an attempt to revive enthusiasm for the struggle against Iraq, Iran's leaders appear to be preparing for an even more diligent prosecution of the war.

Beware of Chaos in Panama The Reagan administration's drive to dislodge dictator Manuel Antonio Noriega has claimed an unintended victim, the Panamanian economy. Sanctions were supposed to throw that already troubled, debt-ridden nation into such chaos that Panamanians would rise up and demand General Noriega's ouster; instead, the U.S. moves have helped create an economic disaster and structural damage so extensive that it is almost certain to persist whether or not the general remains in power.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

OPINION How to Cure the Budget Deficit With Social Security

By Charles Kranthammer

WASHINGTON — Washington is gradually waking up to the fact that the budget deficit is about to be cured, without anyone raising a finger or a tax. The savior is Social Security. The payroll tax is just beginning to generate a huge cash surplus. In 1988, for example, the pension program will take in \$40 billion more than it does out.

Instead of paying hugely into Social Security, this mighty mass of future Sun City golfers will begin rapidly drawing down the trust fund. Unless it is padded during the next 30 years, the trust fund will be bankrupt during the subsequent 30 years.

he picked 65 as the retirement age. The choice was as cunning as it was arbitrary. Hardly anyone made it to 65 then. When Franklin Roosevelt created Social Security 50 years later, median U.S. life expectancy was 63.7 years. The average retiree was already dead.

crocheting has a double effect: The Social Security system pays out to between 20 and 25 percent fewer pensioners, and the trust fund continues to collect payroll taxes from between 5 and 10 percent more workers.

Say Goodbye to the Cold War

By Nikolai Shishlin

MOSCOW — A statement by Ronald Reagan in the St. George Hall of the Kremlin to the effect that he and his wife see Mr. and Mrs. Mikhail Gorbachev as their friends may be taken by some as just an emotional feeling, natural for a person taking leave of kind hosts. But that is not so.

The writer is deputy chief of the information department in the Soviet Communist Party's Central Committee.

followed by deep reductions in arms and armed forces in the extensive zone from the Atlantic to the Urals.



Transfer of all Soviet foreign policy to the footing of new political thinking is an integral part of perestroika. A new road has offered itself.

above all a Soviet internal affair. Its success or failure will be determined by changes inside the country. Movement toward the new model of genuinely democratic, socialist society is gaining momentum.

in Moscow, Mr. Reagan familiarized himself with the city and its residents, while Soviet people got acquainted with him. No other American president has received so much coverage on Soviet television.

A Holier Russia May Not Be Good News

It was the cause of Holy Russia that helped Stalin to win the fight against Hitler, just as it helped Alexander I to win against Napoleon. Now it looks as if Mikhail Gorbachev may intend to tap the same kind of neo-religious, patriotic Slavophile emotions.

Confused Messages Through the Iron Curtain

By Flora Lewis

POSDAM, East Germany — The annual meeting of the New York-based Institute for East-West Security Studies took an afternoon off from a heavy schedule of speeches to remind us where we are.

ern side of the city from the east and from the surrounding countryside. Nobody foresaw such a thing during the Potsdam summit meeting, but it was only a year later that Churchill warned of an iron curtain clanging down all across Europe.

evening by a windy, self-serving old-style harangue on the same subject "I thought I was hearing two different people," said a Frenchman.

Going It Alone and Looking Foolish

By Anthony Lewis

NEW YORK — Everyone knows that the Reagan administration's policy in Panama has been a humiliating failure. Billed as a sure way to blow General Manuel Antonio Noriega out of Panama, it entangled him and made the United States look ridiculous.

rams, met in Miami with the president of Panama, Eric Arturo Delvalle. He encouraged Mr. Delvalle, who had been put in the job by General Noriega, to turn on him.

the three Latin leaders. When Mr. Abrams met Mr. Delvalle in Miami on Feb. 17 and encouraged confrontation with General Noriega, he effectively put the quiet approach of the three ex-presidents aside.

100, 75 AND 50 YEARS AGO

1888: Labor Protection? PARIS — The Chamber of Deputies yesterday (June 12) resumed the debate on the Bill for the Protection of workmen in factories. Mr. Frederic Passy, replying to the brilliant speech made by Mr. de Mun yesterday, disputed the assertion that the working class needs state protection.

1938: Germans in China

HANKOW — Members of the German military mission to China were strictly ordered to avoid Japan and return home to Germany. Twenty Nazi advisers to Generalissimo Chiang Kai-shek left today (June 12) for Berlin, while General von Kroschke left for the United States.

1913: Bears in Panic

NEW YORK — There was panic among the bears today (June 12) when they tried to repurchase and found that stocks were not for sale. The result was a rise ranging from five points in Union Pacific to more than eight points in Canadian Pacific. In the popular imagination, some influence was attributed to this

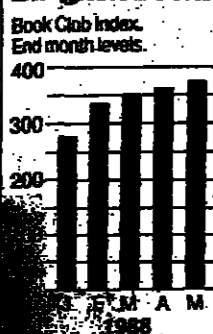
Handwritten Arabic text at the bottom of the page.

PERSONAL INVESTING

FOCUS

The Scramble For Thai Stocks

Bangkok Boom



THAILAND'S tiny exchange offers a textbook case in how foreign money can transform an out-of-the-way market. With foreign investment firms channeling hundreds of millions of dollars of new money into the Bangkok exchange through a variety of funds, Thai officials are paving the way for dozens of new issues.

The burst of activity raised fears that the exchange, up nearly 50 percent since the first of the year, will boil over. Volume in the first quarter, a hefty \$2 billion, was not only the highest quarterly figure on record, but easily exceeded annual turnover in each year since 1978.

The underlying concern about the fact that the market has gone up too high, too fast is valid," says Timothy McKenna, a Jardine Fleming Securities investment analyst. "However, existing supply constraints, and the weight of new funds should support the market and limit the downside risk for long-term investors."

Indeed, the dearth of quality investments is being cited as the biggest headache for investors. At the end of last year, Mr. McKenna observes, the 10 largest companies, measured by market capitalization, represented 55 percent of total market value.

The market is not as broad-based as Hong Kong, for example," Mr. McKenna says. "So, although there is a lot of new money coming in, most of it is chasing the same slice of good-quality shares."

Moreover, the exchange imposes a ceiling on foreign-registered equity. Depending on the sector, listed companies may earmark only 25 percent to 50 percent of their total public shares for foreign investors. Not surprisingly, these shares command a premium over the same company's ordinary shares. According to official estimates, about 12 percent of total listed shares are in foreign hands, but analysts say the actual figures is much higher because foreign investors also purchase ordinary shares through local intermediaries.

TO HELP deepen the market, the Stock Exchange is urging more Thai companies to seek listings. About 20 companies with a combined registered capital of \$240 million are scheduled to list in 1988. These include three state entities, Thai Airways International, Bangkok Petroleum Co. and Thai Oil Refinery Co. Another \$240 million in funds will be raised by existing firms in the form of capital increases, the exchange says.

Though funds in small Asian markets come and go, there are some fundamental factors behind the inflation with Thai stocks. The Central Bank estimates that the economy will grow about 6.8 percent in 1988, while some private economists forecast 7 percent or more.

Thailand's particular strength rests in one of the most diversified economic bases in Asia. Agriculture and manufacturing contribute almost equally to gross domestic product. Unlike most of the developing or newly industrialized countries of Asia, Thailand pursued regional trade and avoided building up a heavy export dependence on the United States. The Bank of Bangkok estimated 1988 export earnings at \$13.7 billion, below the 1987 year-on-year surge of 29.3 percent, but still 15.3 percent above last year's \$12 billion.

The only negative is a growing trade deficit. From \$660 million in 1986, it soared to almost \$1.8 billion last year, and is projected to exceed \$2 billion in 1988. The gap can be traced to heavier imports of capital goods and energy products.

With investor interest running high, this year has seen the launch of a spate of funds specializing in Thai stocks. The first came in February when Morgan Stanley Asset Management listed its Thai Fund on the New York Stock Exchange, which trades at a stiff 45 percent premium to its net asset value. Several London-traded funds were introduced in the spring, including the Thai-Euro Fund, organized by Loyds Bank Fund Managers, the Thai Investment Fund, underwritten by a group led by Yamaichi International, and the Siam Fund, managed by Banque Indosuez and Baring Brothers.

Several Japanese companies are said to be preparing Thai funds for launch during the spring and summer. Nikko Securities plans to establish a \$50 million Tokyo-listed international trust fund to invest in Thai equities, while Yamaichi Securities is reported to be seeking approval to underwrite another \$40 million fund.

Colleen Geraghty



David Burnett of the National Quotation Bureau with boxes of pink sheets ready for shipment.

Plunging Into Pink Sheets

Shadowy area of the OTC market faces changes.

By Cynthia Catterson

DYNAPAC Inc. looked like a hot prospect in 1984. Particularly alluring to investors was the \$2 million in diversified assets that the investment company said it had acquired. These included such ventures as a gold mine, a television game show and shares in a partnership developing an electronic folding sofa bed.

After trading for just pennies a share prior to a company reorganization during the summer, the over-the-counter stock climbed to \$4 by December. Two months later it was trading at \$8 and was one of the most actively traded OTC stocks. It had all the makings of a remarkable success story. That is, until the Securities and Exchange Commission became suspicious.

After closer scrutiny the SEC said the company's assets were, in fact, worth a fraction of what had been claimed. Investigators said that the gold mine had negligible gold deposits and that Dynapac had no commercial rights to the sofa bed. And the television game show? "We have no proof that it got much beyond the conceptual stage," recalls Daniel Harris, chief of the SEC's regional office in San Francisco.

Instead, the SEC charged that members of Dynapac's management swindled more than 4,000 investors with a wealth of lies about the company in press releases, articles and promotional packages in order to sell their shares at inflated prices. Trading in Dynapac was suspended in 1985; Dynapac's managers pleaded no contest to the SEC charges.

Regulators say such abuses are pervasive among the 11,000 stocks that trade through the so-called pink sheets, an informal term commonly used to

describe a shadowy segment of the OTC market in the United States.

The name is derived from a salmon-colored directory, published by the National Quotation Bureau in Jersey City, New Jersey. It is a widely recognized source for daily price information on what best can be described as a third-tier market whose stocks do not qualify for the National Association of Securities Dealers' computerized OTC market, Nasdaq.

Although the pink sheets now number 400 pages a day, the stocks that they contain are largely ignored by big brokerages and institutions. Some of them trade as infrequently as once or twice a year. Still, it is precisely this lack of interest, analysts contend, that can create opportunities for investors willing to study the market.

To put a damper on some of the nefarious activities that characterize the market, the NASD recently announced plans to tighten regulations to create a safer environment for investors. Beginning this month, market-makers must report daily information about price, volume and any significant trades among the pink sheet stocks directly to the NASD.

There are plans eventually to make the information available electronically on a system tentatively dubbed the OTC Bulletin Board. "There are so many manipulations in this market, something had to be done," says Mr. Harris.

Reforms are long overdue. Ever since publication began 75 years ago, the pink sheets have been full of speculative issues and they remain crowded with penny stocks and what many brokers dismiss as "garbage stocks."

The requirements for a listing are hardly demanding. Market-makers who want to publish stock quotes fill out an application containing basic information on the company's objective, number of shares outstanding and the price. The information is then forwarded to the SEC. If the agency raises no questions within 48 hours, the company is listed.

David M. Burnett, president of the National Quotation Bureau, admits that his firm makes no value judgments. Market-makers pay \$7 a month to list a maximum of 10 stocks. Subscribers pay \$46 a month.

Many of these stocks are so small

and thinly traded, they are extremely vulnerable to fraudulent practices. Price manipulation is not uncommon.

With sometimes as few as one or two market-makers trading a stock, says Terry Freeman, publisher of the National OTC Stock Journal, the spread between the bid and asked price—the difference between the price at which an investor sells shares buys shares—can be so prohibitively wide that it is virtually impossible for investors to realize any profits.

"In a 3-cent bid, 9-cent ask quote. Continued on page 8

Bonds: The Gains Are Proving Elusive

Best returns for the rest of 1988 may come in fringe markets.

By David C. Lanchner

BOND investors who keep score in dollars can be forgiven their nostalgia for 1987. That was the year when picking any bond in a major currency other than the dollar insured annualized returns of 20 percent or more.

Gains have proved more elusive this year. In the first five months of 1988, U.S. government bonds have returned a scant 2.2 percent, taking into account interest payments and the movement in bond prices.

Figured in dollars, the total returns in most other major bond markets were in the negative column, ranging from a 0.77-percent loss on Japanese securities to a steep 7.77-percent setback for West German bonds. Holders of Swiss franc bonds in the five-month period found a 10.9-percent dent in their portfolios.

The humbling experience of the first half has buttressed the pessimism of bond bears. They see an unhealthy process in which the virus of quickening U.S. inflation inexorably spreads to other economies, pushing world interest rates higher and depressing bond markets. A key reason the infection will spread, they say, is central banks' determination to keep interest rates stable.

"Central banks are committed to stabilizing exchange rates, and that means inflationary pressures in the United States are transmitted more easily to foreign markets," says Lawrence Kreischer, an international economist and bond strategist at Merrill Lynch.

This bearish scenario of higher interest rates and generally stable currencies has put the spotlight on some second-tier bond markets where current yields are high and the local currency is healthy. In these conditions, Australian bonds, already up 17 percent in dollar terms in the first five months of the year, could well end up the best-performing sector in 1988. Some investors like France, where monetary policy has some room for easing.

Overall, though, the bond bears worry about the inflationary fallout from rises in commodities

prices. The Commodity Research Bureau's futures index, a closely watched barometer of inflation pressures, is up about 11 percent since the first of the year.

As commodities prices rise, the costs to manufacturers tend to go up, as do the costs of goods and services. These price increases eventually show up in higher U.S. inflation rates.

In such a situation, holders of dollar securities would either sell them or demand higher interest payments on their currency holdings. Thus, interest rates have moved higher in the United States, which has helped keep the dollar stable.

But there is another side of the equation. Because commodities are typically priced in dollars, a fall in the U.S. currency would insulate West German and Japanese firms from the effects of the higher commodities prices. But with the dollar held stable, they face the same inflationary pressures as U.S. companies.

A series of policy flip-flops since last October's stock market crash has complicated the picture. Following a U.S. lead, Europe and Japan eased credit to head off a possible recession. By February, it became clear that strong economic growth continued, and pre-crash fears of inflation returned. The return of inflation jitters brought higher interest rates in the United States, Japan and Germany.

But not every country lowered interest rates. France, for one, adhered to a tight monetary policy in the wake of the crash. Its currency has appreciated strongly against that of West Germa-

Continued on page 9

Yields

Three-year government bond yields	
New Zealand	13.63%
Australia	12.12%
Canada	9.36%
United Kingdom	8.85%
United States	8.40%
France	8.23%
West Germany	4.97%
Japan	4.01%

Source: Merrill Lynch, May 31

Vintage selection. Year after year, we help you build for the future with a careful selection of investment opportunities.



If you maintain substantial international investments, you will find the assistance and personal attention you need at Merrill Lynch.

As our client, you will have the benefit of over a hundred years of experience as well as our full range of financial expertise and services.

You'll also have a Merrill Lynch Financial Consultant who'll work with you to establish a relationship that develops and matures over time. Your Financial Consultant will

become thoroughly familiar with your long-range objectives and help you fulfill them with investments of quality and stability.

Merrill Lynch, with 27 offices in 16 countries throughout Europe and the Middle East, can help you build and maintain an important selection of long-term investments. For more information about our investment and private banking services, call one of our offices or return this coupon in complete confidence.

Return this coupon to: Mr. A.J. Nemeth
MLPF&S Limited
Ropemaker Place
25 Ropemaker Street, 8th Floor
London EC2Y 9LY
Telephone: 01-867-2419
Name: _____
Address: _____
Tel: _____

© 1988 Merrill Lynch



UPDATE

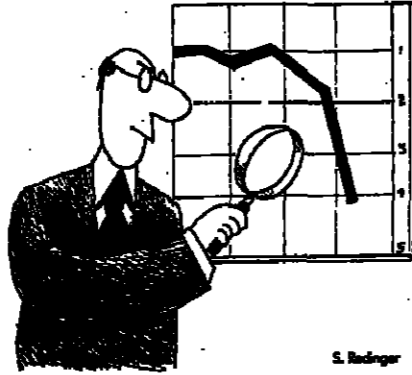
A Closer Look at Closed-End Funds

INVESTORS are having second thoughts about new closed-end funds. Although new issues continue to proliferate, experts complain that a new fund's share price shows an unsettling tendency to drop after the initial offering. Often, shares sold by investors end up trading at a discount to the net asset value of the fund in few short weeks.

The phenomenon occurs with such regularity that the Securities and Exchange Commission has decided to look into the matter. Although the agency says its study will not be made public for another month, many analysts feel that the results could lead to new marketing restrictions on closed-end funds, including risk disclosure requirements for new investors.

"We think the individual prospectus should be stamped 'Warning: this investment may be dangerous to your wealth,'" says Norman Schach, president of the Institute for Economic Research, a Fort Lauderdale newsletter publisher.

The Brazil Fund is a good example of the kind of market performance that has experts worried. The fund premiered last March 31 and began trading at \$14.25 a share, a 22 percent



premium to its net asset value. Two months later, it was trading at \$9.50, an 18.24 percent discount.

This is hardly unique. A 1987 study conducted by John W. Peavy, a professor of finance at Southern Methodist University in Dallas, shows that the average loss to investors on closed-end funds within five months of their initial offering ranged from 8.7 percent to as much as 13.7 percent.

Kenneth Lehn, chief economist for the SEC, says the commission's study will focus on initial public offerings dating back to 1985.

Bruce Hager

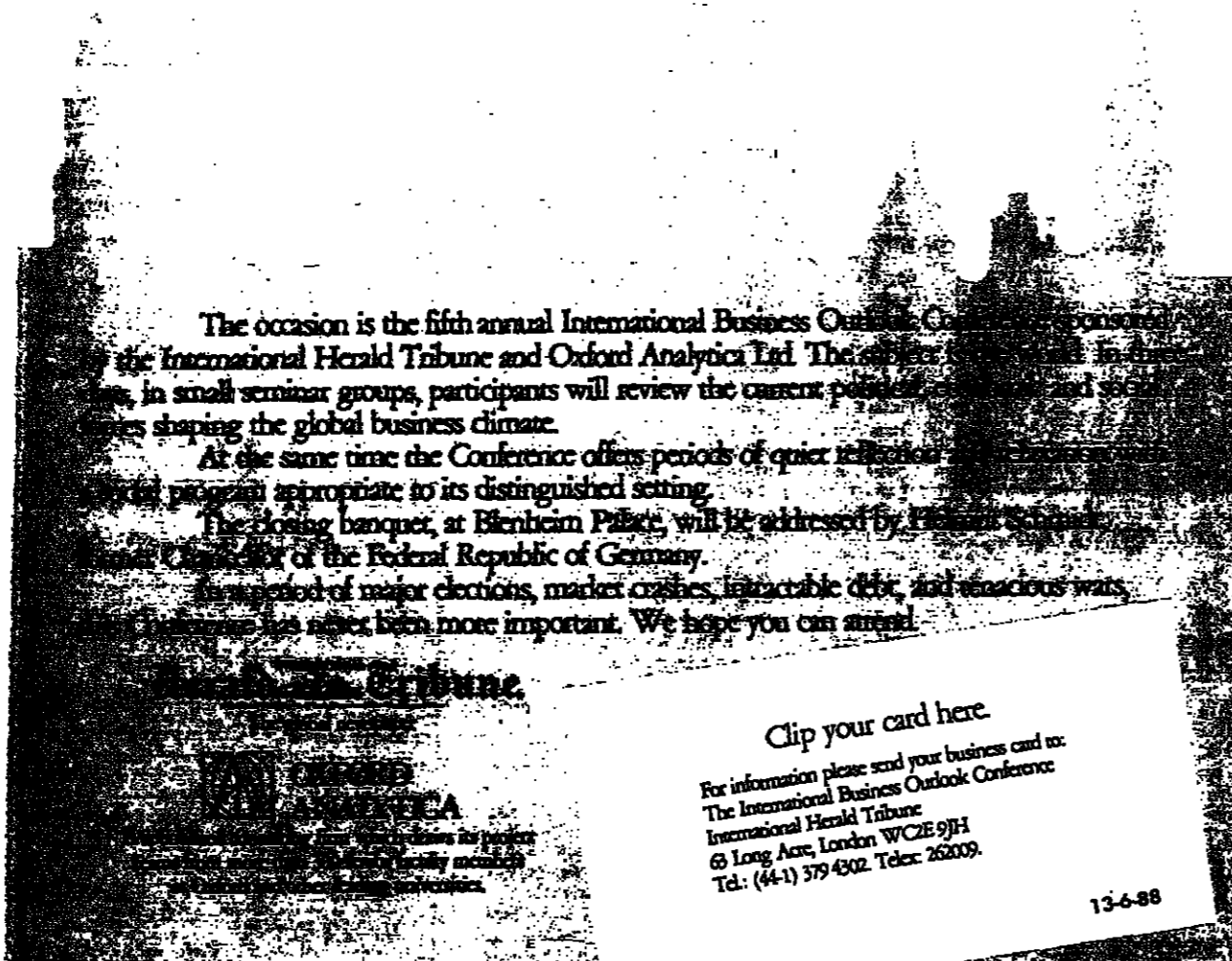
Security... a double effect: The... m pays out to... wer pensions... as to collect... d 10 percent... of this idea... Security now... Delaying retirement... surely a contract... ves. It says the... are living well... eans. To live the... r children with... rrent and future... ty tax to balan... we retire? We're... o pay for that... rshelves. We'll... national service... "Me Generation"... an extra, uh, four... boomer social... t accountants but... e decades of... finally gets... This is more... oetic justice... igiton Post Writers Group.

Not Be Good... dped Stalin to win the... against Napoleon... some kind of... edom for... a world would... ever been in... is the Communist... Church in Russia... nistic than it... e to which... Western... policy, even... at world revolution... The Sunday Telegraph.

In Curtain... ening by a winds... yle harangue on... I thought I was... people," said a... It is harder now... nd and Soviet... ndia and Soviet... anything came... sword. There are... w, all distortion... is often unclear... liberately mislead... se speakers delude... such they don't... The first Soviet... as a military... Washington... arrange for the... es. He was a... a human... people like that... however happened... at Trotsky... ed us about... emigrated to... urants? Had Stalin... w Soviet man... It wasn't until... 157, after Nikita... alization speech... had been meeting... fear. They were... ms, just from... reotype. The... g university... sure what to... under... ring it must be... id to take so many... figure out where...

Your Oxford Summit.

For three days this September, world business and academic leaders will meet at Oxford. You should be among them.



The occasion is the fifth annual International Business Outlook Conference, organized by the International Herald Tribune and Oxford Analytica Ltd. The subject is the global business climate. In small seminar groups, participants will review the current picture and discuss ways of shaping the global business climate. At the same time the Conference offers periods of quiet reflection and a program appropriate to its distinguished setting. The closing banquet, at Biscuit Palace, will be addressed by President of the Federal Republic of Germany. The conference will be held in a beautiful setting. The subject of the conference is the global business climate. The conference will be held in a beautiful setting. The subject of the conference is the global business climate.

Clip your card here.

For information please send your business card to:
The International Business Outlook Conference
International Herald Tribune
61 Long Acre, London WC2E 9JH
Tel: (44-1) 379 4502. Telex: 262009.

13-6-88

After the crash of October 1987, are you sure you are on the right track?

At UNIGESTION we have always placed the highest value on our exacting standards

- The professionalism of our asset management**
 - A sophisticated and highly critical approach to risk assessment
 - A thorough understanding and privileged access to all financial markets
 - A monitoring and management of markets with the most up-to-date of modern technology
- With our own particular characteristics**
 - An independent shareholder group
 - A strong financial base
 - Research studies built around our own assessment of risk
 - Objective advice for asset management
- And an investment strategy aiming to**
 - Take into account the overall economic environment
 - Anticipate major market trends
 - Achieve mutually agreed client objectives
- Our achievements:**
 - A controlled, consistent and solid business growth
 - A success built around the performance of our clients
 - The confirmation, following the stock market events of 1987, of our underlying principle: acceptance of only the most exacting standards

UNIGESTION S.A.

Member of the Swiss Bankers Association Member of the Geneva Stock Exchange
13, RUE BELLOT - PO BOX 244 - 1211 GENEVA 12 - SWITZERLAND - TEL. 022/46 64 84 - TELEX 427 381 - FAX 022/46 14 25

London: Playing the Shell Game

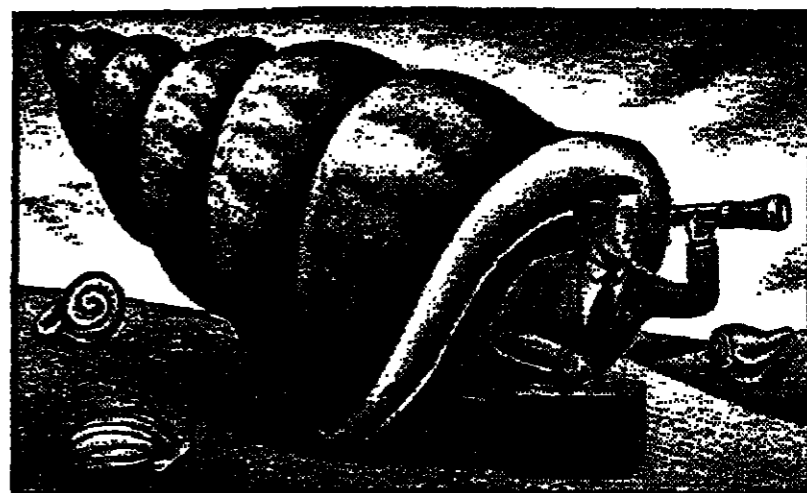
By Marybeth Nibley

SHELL collecting is usually regarded as a casual pastime for a seaside outing. But within British financial circles, it has nothing in common with a day at the beach.

A "shell" in this context is a company whose main business has all but died off, leaving behind in many cases a publicly quoted entity that appears to be worth little. In Britain, such companies are sometimes snatched up by entrepreneurs and financiers. Once occupied, the shell provides a base for the building of a new business, often through a series of takeovers.

By starting with an existing quoted company, the purchaser of a shell bypasses some of the expense, complexities and uncertainties of founding a new enterprise, making a public offering of shares and obtaining a listing. "Corporate finance departments are always looking for shells" for acquisition-minded clients, says Derek Young, director of corporate finance at James Capel & Co.

Shell situations can also pay off for investors, though it can be a risky game. One of the more spectacular successes in recent years was Acis Jewellery, which has been used by Darryl Phillips, a South African entrepreneur, as the base for a budding empire. After Mr. Phillips arrived on the scene as a major holder in Acis, its share price went from 18 pence in February 1987 to nearly 24 in July 1987, when the market peaked. The October crash crushed the stock, and it remains far from its year-ago levels, trading



Lee Green

recently around 80 pence. Still, Mr. Phillips has proceeded with plans to expand the company, acquiring an employment agency in January and dropping the word Jewellery from the corporate name.

Shells making news lately include Telematrix, a money-losing manufacturer of computer graphics display terminals. Sixty percent of its shares have passed into the hands of Alron, a South African electronics group, which intends to use Telematrix as a vehicle for acquisitions and as a base for doing business in Europe.

Another company that recently has been tagged as a potential shell is Yelverton Investments, a securities firm controlled by Henry Clarke, an American businessman. Mr. Clarke is head of AmBrit International, a London-listed oil-and-gas company, and a U.S. company also dubbed AmBrit, which makes ice cream and chocolate products.

Yelverton has at least two features that signal shell opportunities — \$5 million in cash and tax losses of at least \$30,000. The company is traded on London's Unlisted Securities Market. The practice of buying a shell through a reverse takeover is considered a faster and usually less expensive route to the stock market than applying for a listing in the conventional way. A reverse takeover is when a group of individuals places their business or investment stake into a shell company.

To obtain a stock market listing, a company must usually show a five-year performance record. Then the process of offering newly listed shares can run up legal and advisory charges of hundreds of thousands, even millions of pounds.

The "reverse" strategy does not eliminate all the regulatory hurdles. The Stock Exchange says companies using the method must meet the same listing requirements as any company.

Oliver Jessel, a legendary figure in City of London financial circles, believes the practice gives a new operation a running start. "It's such a bloody nuisance going on the market in the normal way," he says.

The most sought-after shell candidates have ample quantities of cash and no hidden liabilities, such as being the target of a potential lawsuit.

Pink Sheets: A Free-Wheeling Third Tier

Continued from page 7

the stock will have to triple — gain 6 cents per share — for investors to break even," he says.

Unscrupulous dealers also are known to buy large quantities of a stock for themselves or preferred customers to give the appearance of demand and lure unsuspecting investors into what looks like a hot issue. Then the brokers dump the shares into the market, driving down the price, according to Mr. Freeman.

"Brokers can make a stock move 50 percent, but for investors the wealth is only an illusion, because the chances of selling high are remote," says Mr. Freeman. Only individuals that sell at the early stages of the stock's run up will be able to get their money out, he says.

Regulators applaud the NASD's proposal to monitor trading activity. "It will be much easier to catch the people who are pumping the market once we have proof of price and volume," says Jack Kelly, associate regional administrator at the SEC's Denver division. The Denver region has a high concentration of penny stocks because of Colorado's less demanding requirements for publicly-traded stocks.

Many professional dealers also favor the NASD's measures. But they are concerned about the impact of an electronic "bulletin board." When trading Pink Sheet stocks, market-makers often deal directly over the telephone to arrange an acceptable price for what usually turns out to be a limited number of available shares.

STOCK SECTION
MAY 25, 1988

National Daily Quotation Service
"Pink Sheets"

Published by NATIONAL QUOTATION SERVICE, INC.
The Metropolitan Investor Center, 800 First Street
Jersey City, NJ 07310-3888

Published daily except on bank holidays and public holidays. Offerings and issues are subject to previous sale or change of price. Information is compiled with care from sources believed to be accurate but no warranty is made. The information is for informational purposes only and is not to be used as a basis for investment decisions. It is not to be used as a basis for investment decisions. It is not to be used as a basis for investment decisions.

"When stocks are as inactive as the pink sheets, a quote may be six months old and not really reflect the value of a stock. Investors may not be able to execute an order for the price they see on the screen," complains Walter Carucci, vice president at Carr Securities, an OTC stock trader in New York.

Furthermore, he says, investors may mistakenly believe that a company is more credible just because it is in the system. "Investors will still have to be detectives and find out about these companies," Mr. Carucci says.

Lawrence J. Goldstein of Santa Monica Partners, a private investment fund, likens trading in pink sheet stocks to investing in real estate. "You can't just do everything in one day. You have to research the market and negotiate prices over time," he says.

Investors who are willing to do some homework can uncover legitimate values in the Pink Sheets. Well-known companies like Xerox, Toys 'R Us and Doubleday were once pink sheet stocks.

Overnite Transportation is one of Mr. Goldstein's favorite exam-

Betting on Anonymity

ALTHOUGH the pink sheets are better known as a comprehensive list of penny stocks and risky start-up companies, a big attraction to professional investors are the scores of closely-held, asset-rich companies that prefer the anonymity of a pink sheet listing.

Many of these companies have attractive fundamentals, but for a variety of reasons, founders or owners want to retain control over company affairs. Consequently, they float relatively few shares. Edward McLaughlin, an investor who has traded these stocks for 29 years and is a widely acclaimed expert, says the best companies are those with less than 100 shareholders and between 10,000 and 100,000 shares outstanding.

"In the esoteric areas that I look at," he says, "there is a great discrepancy between the current value of the company and its true worth because few people know about the company."

Fewer available shares, however, means higher prices. Not only are these stocks often hard to come by, but they can sell for hundreds, sometimes thousands of dollars a share. Still, Richard Carney, manager of the GIT-Equity Trust Special Growth Fund, says such prices may disguise a bargain. "Price per share doesn't mean anything if you don't consider the market capitalization," he says. "Penny stocks with a few million shares outstanding are worth less than a \$300-per-share company with only a few hundred or thousand shares available."

Binkley Shorts, manager of the \$275 million Over-the-Counter Securities Fund, says 20 percent of his portfolio's assets are invested in Pink Sheet stocks.

St. Joe Paper, a paper mill operator based in Florida, is one of his favorite holdings. Along with a million acres of timberland and beachfront property, the company owns 50 percent of Florida East Coast Railroad and is one of the largest U.S. sugar producers. Its shares sell for more than \$10,000 a piece, but Mr. Shorts maintains that its assets are worth twice as much.

Another stock that Mr. Shorts likes is A.D. Makepeace, the largest cranberry grower in the world. According to Mr. Shorts, the company is a key participant in the Ocean Spray agricultural cooperative, one of the most covered brand names in the industry. At \$5,000 a share, he says, A.D. Makepeace stock is undervalued.

One of Mr. McLaughlin's selections is Coal Creek Mining and Manufacturing, a company that owns roughly 75,000 acres (30,000 hectares) of land in Tennessee and Kentucky. "The land has more than 400 million tons of coal and is considered to be the largest private holding of coal in Appalachia," he says.

With the coal market lagging in the past few years, he says, it is an ideal opportunity to buy. The company sells for about \$125 per share, according to Mr. McLaughlin, but has a market capitalization of less than \$16 million dollars. "It works out to be roughly 3 cents per ton of coal, which is a bargain in my opinion," he says.

Cynthia Catterson

Have all the advantages of a bank account in LUXEMBOURG, without actually being there.

To discover the advantages of banking in Luxembourg with BCC, all you have to do is to simply mail the attached coupon. We will promptly despatch to you by airmail our booklet containing detailed information about banking in Luxembourg.

The BCC Group has offices in 72 countries, its Capital Funds exceed US\$1,500 million and total assets US\$17,500 million. The Head Office and branch of the Bank of Credit & Commerce International S.A., in Luxembourg enable you to make full use of the unique advantages offered in Luxembourg which include:

- Total confidentiality of investor's affairs by the laws of Luxembourg.
- The benefits of being able to open and operate an account in Luxembourg without actually going there.
- Investments and deposits made by non-residents are totally tax-free and there is no withholding tax on interest or dividends.
- Luxembourg is a stable, prosperous financial centre in the heart of European Economic Community.

Mail this coupon for your FREE copy of "International and Personal Banking in Luxembourg" to:

BANK OF CREDIT AND COMMERCE INTERNATIONAL S.A. 25 BOULEVARD ROYAL, PO BOX 46 LUXEMBOURG, TELEX 2287 BCC LU

Name _____
Address _____
Phone _____

IHT-13-6

The Value Line brings you HARD FACTS ON 1700 AMERICAN STOCKS

The Value Line Investment Survey covers more than 1700 American stocks, which account for over 90% of all dollar trading volume in U.S. equity markets. With The Value Line Survey, you have objective evaluations—updated every week—of just about any American stock that's likely to come to your attention.

Every three months, on a regular schedule, Value Line presents a new full-page report on each stock, packed with vital data, including 22 series of key operating and financial statistics going back 15 years and estimated 3 to 5 years ahead. Then, for each stock—every single week—Value Line updates the Price, future Performance and Safety Ranks, Appreciation Potential, Yield, and estimated Earnings and Dividends.

This information will enable you to assess a stock's prospects based on hard financial facts. As a special introductory offer, you can receive 12 weeks of Value Line for only \$35, providing you have not had a subscription in the past two years. As a BONUS, you will also receive the Value Line's 2000-page Investors Reference Service with the latest full-page reports on over 1700 stocks, together with the 72-page booklet, "A Subscriber's Guide". Send payment (no cash please) along with name and address together with this ad to Dept. 213813

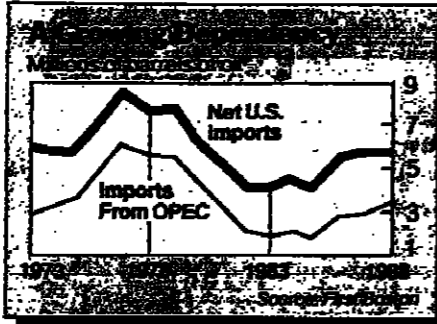
The Value Line Investment Service
711 Third Avenue, New York, N.Y. 10017, U.S.A.

Payment in local currencies (British £50, French 4575, Swiss 1145, DM 175) and requests for information should be directed to: Value Line, At: Ale candre on Saint-Paul, 2 Ave. de Villers, 75007 Paris, (Tel. 45 51 51 53)

Distributed by KLM Royal Dutch Airlines Publication Distribution Service Holland. Allow 4 weeks for delivery.

Dividends and Takeover Rumors Call the Tune

ALTHOUGH analysts are eyeing the current OPEC meeting for indications that the cartel eventually can attain some kind of accord to reduce production, major oil stocks continue to be judged on short-term events that have little to do with the price of crude.



As a clear signal that prices are headed higher.

"The odds strongly favor the long-term investor," says Mr. Margoshes, "because as you look out further, one can have a greater degree of confidence that oil prices will start to go up in real terms, probably around 1991."

In the meantime, Paul Ting, an oil analyst with Oppenheimer & Co., says oil stocks could heat up if the market again leans

toward high-yield securities. Occidental Petroleum, he says, has the most attractive yield at about 10 percent.

George Baker, Smith Barney's oil analyst, likes Chevron. After its Gulf acquisition three years ago, Chevron has paid off \$8.3 billion worth of debt. "Now," Mr. Baker says, "Chevron can start directing more of its cash flow toward its shareholders."

And indeed, Chevron just raised its dividend for the first time in four years.

When it comes to talk about takeovers, most of the speculation centers on Tereco Inc. Analysts at Smith Barney say Sun Co., Unocal Corp., Kerr-McGee and Phillips Petroleum also fall into this category. But many analysts are reluctant to recommend such stocks because of the high takeover premium included in the share price. If a merger never materializes, an investor could get caught holding the stock during the seasonal drop in oil prices that will likely occur in the first quarter of 1989.

"We think the valuations in this group are distorted because of takeover speculation," Mr. Baker says.

Heavy Supply Dampens Futures

THE market has been stilled; it couldn't be any duller. This is the way Mark Thomson, an analyst with Phibro Energy, describes the market for energy futures where an abundance of supply continues to weigh heavily on contract prices. After reaching a record high last December, trading volume for crude oil futures contracts on the New York Mercantile Exchange slumped 25 percent to an average of 61,642 contracts a day last month.

This is hardly surprising. The futures market rarely forecasts oil prices as much as it reflects market psychology. And the market is awash in oil. "Crude inventories in this country are as high as they've been since 1982," notes Andrew Lebow of E.D.F. & Man International. Total oil inventories were up 16 million barrels at the end of April compared to a year ago.

Indeed, longer-term contracts are more expensive than the near-term ones, a rare situation that occurs when there is an oversupply of oil, but expectations for higher demand persist.

So far this year demand for petroleum products was up about 4.5 percent in the first four months of the year, compared to a 1.3 percent rise in the same period last year.

Rather than take lasting positions in any one contract, most traders are cautiously playing the spread between the three contracts: crude oil, heating oil and unleaded gasoline.

Rodney Dow, managing director of Dow International Energy Corp., believes a strong seasonal demand for gasoline this summer may be the market's "only salvation." He and other analysts are speculating that a weak dollar will induce Americans to sightsee at home. The elimination of the 55 mile-per-hour speed limit in some states is also expected to spur demand.

Still, whether this can change the market environment is not certain.



North Sea Shares: Still Pricey

THE speculative buying that lifted the prices of North Sea exploration stocks after British Petroleum's acquisition of Britoil last February has stopped. But investors have so far been reluctant to let go of shares in Britoil's small employers.

Surging prices became common after BP paid £1.5 a share to obtain Britoil at a time when it was trading at £1.70. Jeremy Hudson, a London-based oil analyst for Shearson Lehman Hutton, said the premium reflected BP's judgment about the potential for discoveries.

The result was sharply higher share prices throughout the entire sector, however. "I wouldn't rush out and buy shares in any of them at the moment," says Graham Andrews of County NatWest World Markets. He suggests that investors wait until current prices come down 20 to 30 percent.

Carol Bell, an analyst with Phillips & Drew, feels that if another takeover bid does not surface in the next two to three months then these companies will once again focus on

the fundamentals such as the price of crude oil and the dollar-sterling exchange rate.

Still, analysts agree that these shares have little downside risk. The industry is comprised of roughly six independents, and acreage in the North Sea is already accounted for. As Mr. Andrews notes, "Oil, like land, is a good investment. They aren't printing any more of it." Ms. Bell calls it a "safety valve." If prices drift too far south, then buyers will be drawn back into the market.

At present, Shearson is "very cool on the exploration stocks," says Mr. Hudson. However, he acknowledges that he could change his mind if prices settle back to more reasonable levels. He reckons that Premier and Clyde Petroleum are overvalued by about 50 percent and 60 percent, respectively.

But he acknowledges that he likes Premier because of its unique acreage in the Far East and the southern coast of England. But he says he will not recommend the stock until it drops to 55 pence a share from its current level of about 63 pence.

Elena Bowes

It is considered a faster route to a listing on the stock exchange. A takeover is when a company acquires another company. The takeover process involves a lot of legal and advisory fees, thousands, even millions.

strategy does not have hurdles. The stock exchange is using the method of requirements as any one of a legendary figure in the circles, believe the operation a running start. The price going on the market is right-after shell companies of cash and no intention of being the target of a takeover.

It didn't matter that the price was a bargain. The company recalls. "It wasn't a New York Stock Exchange listing. It was considered an investment quality."

Veritac became big news with a listing on the New York Stock Exchange and the company eventually taken over by the Pacific Railroad in 1966. Mr. Goldstein's argument, after a series of takeovers, was worth roughly 10 percent.

or all the risks in picking a company. Mr. Goldstein is a well-informed investor. More value per dollar of stock in these stocks than elsewhere. In that respect, the Street's indifference to the sheets is a blessing. The institutional information is coming at a relatively low annual rate of 2.5 percent.

Some analysts believe the government is ready to ease up on credit, perhaps cutting interest rates as much as a full percentage point. Investors picking up 3 or 5 year bonds can lock in higher yields than are available in the portfolio's assets are not in the bank. The assets are not in the bank. The assets are not in the bank.

Joe Paper, a paper mill analyst based in Florida, is one of the bond buyers at BZW Securities in ride holdings. Along with London, in Britain, a similarly firm monetary policy combined with a rapid 50 percent of Florida's city population gave dollar Railroad and is one of the best U.S. sugar producers. But as sell for more than \$100 a recent, interest rate cut of 1.5 percent, Mr. Short's most percentage-points and concerns its assets are worth more than about an overheating economy make British government bonds less attractive in the second half.

John Davis, a fixed income specialist with McCannan, Dyson, Capel, Carr, an investment bank based in both Australia and New Zealand, cautions that inflation remains a strong concern, and interest rates are likely to creep up

through the summer before possibly coming down in the fall. Offsetting those risks to some extent are buoyant currencies.

New Zealand, though, has special pitfalls, he notes. "The market is thin, growth is not as strong, and the currency is viewed by some as overvalued."

Not all bond specialists buy the argument against any decline in world interest rates. And some bond-market followers are skeptical that this period of currency stability can be sustained for much longer.

Though few see a major rally ahead, some analysts forecast a slowing of economic growth that could reduce inflation fears. Wolfgang Ketzner, a bond strategist with Westdeutsche Landesbank Girozentrale, believes there may be a bond rally this summer.

"Capital spending drove the robust growth in the first quarter," he says, "which leads me to believe the consumer will not sustain it in the second." In Mr. Ketzner's opinion, bond yields in the industrialized countries will move up another one-eighth to one-fourth percentage point before evidence of a less robust economy surfaces in July, setting off a modest bond rally.

Investors in nondollar bonds could also see a quick profit if the dollar resumes its accident-prone ways. Simon Fenton, a vice president at the Kleinwort Benson Trans-Atlantic Bond Fund, says doubts about U.S. progress on the trade front could rekindle the dollar's problems.

"We believe the trade situation won't improve, and that U.S. and European currencies will become uncoordinated after the November elections," Mr. Fenton says.

Bonds: Gains Proving Elusive

Continued from page 7

Investors picking up 3 or 5 year bonds can lock in higher yields than are available in the portfolio's assets are not in the bank. The assets are not in the bank.

Some analysts believe the government is ready to ease up on credit, perhaps cutting interest rates as much as a full percentage point. Investors picking up 3 or 5 year bonds can lock in higher yields than are available in the portfolio's assets are not in the bank.

Joe Paper, a paper mill analyst based in Florida, is one of the bond buyers at BZW Securities in ride holdings. Along with London, in Britain, a similarly firm monetary policy combined with a rapid 50 percent of Florida's city population gave dollar Railroad and is one of the best U.S. sugar producers.

But as sell for more than \$100 a recent, interest rate cut of 1.5 percent, Mr. Short's most percentage-points and concerns its assets are worth more than about an overheating economy make British government bonds less attractive in the second half.

John Davis, a fixed income specialist with McCannan, Dyson, Capel, Carr, an investment bank based in both Australia and New Zealand, cautions that inflation remains a strong concern, and interest rates are likely to creep up

through the summer before possibly coming down in the fall. Offsetting those risks to some extent are buoyant currencies.

New Zealand, though, has special pitfalls, he notes. "The market is thin, growth is not as strong, and the currency is viewed by some as overvalued."

Not all bond specialists buy the argument against any decline in world interest rates. And some bond-market followers are skeptical that this period of currency stability can be sustained for much longer.

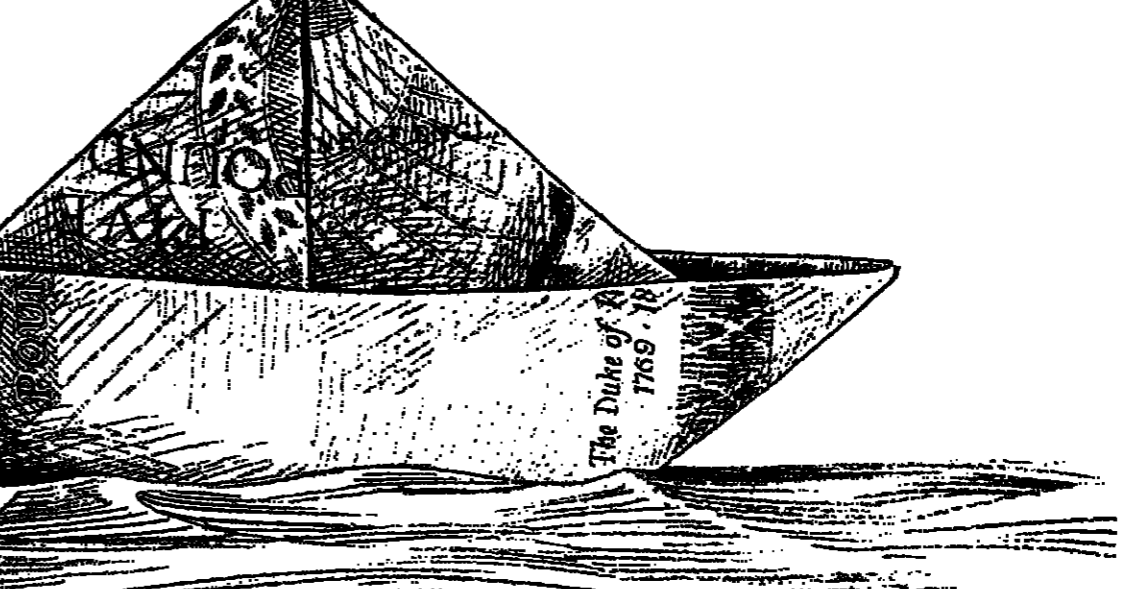
Though few see a major rally ahead, some analysts forecast a slowing of economic growth that could reduce inflation fears. Wolfgang Ketzner, a bond strategist with Westdeutsche Landesbank Girozentrale, believes there may be a bond rally this summer.

"Capital spending drove the robust growth in the first quarter," he says, "which leads me to believe the consumer will not sustain it in the second." In Mr. Ketzner's opinion, bond yields in the industrialized countries will move up another one-eighth to one-fourth percentage point before evidence of a less robust economy surfaces in July, setting off a modest bond rally.

DIAMONDS

YOUR BEST BUY Single diamonds at wholesale prices by ordering direct from Antwerp, the world's most important cut-diamond market. Give diamonds to the ones you love, buy for investment, for your enjoyment.

Advertisement for diamonds featuring contact information for Joschim Goldstein, diamond expert BVBA, established 1926, located in Belgium. Includes phone and telex numbers.



JERSEY-BASED INVESTMENT IS PLAIN SAILING WITH THE HALIFAX.

Halifax Building Society has set up a simple but effective investment opportunity in the prestigious Channel Isle of Jersey. It's called HALIFAX DEPOSIT INTERNATIONAL. This means that because you are an investor not ordinarily resident in the UK, the Halifax can pay you interest with no tax deducted.

The investment opportunities available start from £1,000 with the top interest rate for £50,000 and over. Your money starts earning straight away and you can have instant access without any loss of interest. It's just the kind of investment package people have come to expect from the World's biggest building society with over £50 billion assets and over 12 million private investors.

With Halifax Building Society you combine competitive interest together with maximum security. If you would like more details about our Jersey investment then send in the coupon below now. You'll find it's well worth investing the time to do so.

Form for requesting details of Halifax Deposit International investment, including fields for Name, Title, Address, Country, and Nationality.

Halifax logo and contact information for Halifax Building Society, International Investment Unit, including address in Jersey and the slogan 'THE WORLD'S NO 1'.

CURRENCY

Recommended since 'Black Monday' as a haven from volatile markets, the RBC International Currencies Fund has performed extremely well. For example, in the Swiss Franc Class: Top fund out of 19 funds over 3 months. Top fund out of 16 funds over 3 years.

PERFORMANCE The RBC International Currencies Fund Managed Share Class has an enviable record for giving you that professional management. A pure roll-up Fund with no initial charge, where the interest is ploughed back and where shrewd currency selection enhances the share price.

FLEXIBILITY Through six single currency share classes earning and accumulating interest linked to money market rates, RBC International Royal Bank House, PO Box 48, St Peter Port, Guernsey, Channel Islands. Telephone: 0481 23021, Telex: 4191527

Advertisement for RBC Offshore Fund Managers Limited, featuring the slogan 'RBC SHOWS OUTSTANDING PERFORMANCE SINCE BLACK MONDAY' and contact information for professional management.

Currencies Fund also provides an excellent means of employing liquid Funds at the investors choice in Deutschemarks, Swiss Francs, Yen, US Dollars, Canadian Dollars, or Pounds Sterling. As the Fund deals daily, the investor can, using the exceptional personal security number system, rapidly sell shares or switch between share classes.

MANAGEMENT You also have the comfort of knowing that the Fund is managed and administered by The Royal Bank of Canada Group - Canada's biggest Bank and one of the largest retail Banks in the world.

We regret that this investment opportunity is not available to citizens or residents of the United States or investors resident in Canada.

Money Management Dollar Converted Offshore Fund Performance Table as at 1 Feb 1988.

Advertisement for RBC Offshore Fund Managers Limited, featuring the slogan 'PROFESSIONAL MANAGEMENT? IT'S AS EASY AS RBC!' and contact information.

Advertisement for Value Line stocks, featuring the slogan 'STOCKS' and information about the Value Line service.

Advertisement for Royal Trust Bank Jersey, featuring the slogan 'Protect and build your wealth offshore in Jersey' and an image of a castle.

Table showing deposit rates for different account types: 7 1/4% p.a., 8 3/4% p.a., and 8 1/2% p.a.

Form for requesting details of Royal Trust Bank Jersey services, including fields for Name and Address.

COLLECTING

A Speculative Binge By Book Collectors

By Alice Oshins

IN the past, the market for rare books was considered slow-moving and predictable, attracting mostly traditional collectors. But nowadays as prices for collectibles continue to climb in the aftermath of the stock market crash, speculative buying is spreading. And the demand for books is growing.

Added Inger Thomsen, a dealer in rare books in Copenhagen, Denmark: "Prices for rare books are going up all over the world. Because there is more competition, it is difficult to get the good books, so people are buying wherever they can find them."



This 1617 version of Copernicus's theory sold for \$1,980 at auction last year.

the first edition conveys. Everybody working on the book — the author, illustrator, editor, printer, etc. — has left his mark. This includes possible mistakes that are included as the books were first coming off the press.

The excitement about first editions also goes beyond the traditional notion of literary importance. The initial publication of information about a scientific phenomenon or a historic discovery are popular among collectors. At Christie's recent auction in New York, the first book to describe the circulation of the blood in 1628, William Harvey's "Exercitatio anatomica de motu cordis et sanguinis in animalibus," fetched \$199,999.

Experienced collectors never confuse a book's importance with age. Just because a book is old, does not mean it will command an extraordinarily high price. "The value lies in the importance of the book," explains Raymond Wapner, president of the Antiquarian Booksellers International, Inc. "A book could be published yesterday and start selling in the thousands of dollars."

Daniel Hirsch, a dealer in Hopewell Junction, New York, points to the tremendous interest in modern literature. Works by Stephen King are a good illustration. A signed, limited edition of a King book can fetch as much as \$2,500. One collector who bought 4 copies of "The Gunslinger" in 1985 for \$20 sold them in April for \$500, according to Mr. Hirsch.

Still, the market for contemporary literature is fickle. In 1986, demand for books by the British humorist P.G. Wodehouse pushed prices of his work as high as \$450. Within six months, the market crashed and Wodehouse books were selling for \$75. Now they are selling for \$250.

Once a book is deemed important, the next consideration is its condition. Apart from maps and illustrations, collectors should look for missing or damaged pages and dustcovers. Ralph Sipper, a Santa Barbara, California dealer, notes prices for "The Great Gatsby" range from \$150 to \$5,000, depending on condition.

Helen Kahn, a Montreal book dealer who specializes in books on early exploration and travel, explains that Champlain's "Les Voyages de la Nouvelle France" can fetch \$18,000 if it comes with a map showing Champlain's journey, but would sell for half as much without one.

Also, a book in its original binding will always fetch a premium to one that is rebound. But this does not mean that a rebound volume does not have its own appeal. They may be especially attractive if there is a high quality of craftsmanship. "Some people are interested in a book solely for its binding," says George Lowry of the Swann Galleries in New York. Edwards of Halifax and Riviere & Son made elaborate geometric or jeweled bindings that have historic and artistic value.

Arming Against a Surge in Inflation

INFLATION is not a hospitable environment for most stocks. But some companies stand to do better than others if, as some forecasters believe, a period of increased inflation is beginning. Though a return to the double-digit inflation of the late 1970s seems unlikely, many experts suggest that individuals consider arming their portfolios with a few defensive assets.

Investors have traditionally turned to tangible assets like gold and real estate for protection because they tend at least to keep pace with inflation. But with concerns about surpluses in gold, and with tax revision and rising interest rates depressing many real estate investments, some specialists suggest considering other opportunities this time.

Thomas Sweeney, manager of the \$1.2 billion Fidelity Capital Appreciation Fund, favors industries that are able to raise their prices and thereby profit from being part of the inflation process. In the United States, the oil tanker industry is one example. U.S. oil imports have risen sharply in the last two years, Mr. Sweeney says, but new tankers have not been added to fleets since the late 1970s. He says average carrier price rates have risen in the last three years, benefiting companies like Overseas Shipholding Group and OMI. Furthermore, the value of the tankers has risen. A second-hand, very-large-capacity crude tanker that sold in 1985 for \$5 million fetched \$23 million last week, according to Mr. Sweeney.

Elsewhere, Mr. Sweeney likes Rayonier Timberlands, which has two-thirds of its stumpage in the Pacific Northwest. With the low dollar stimulating exports and the government reducing its public timber sales, prices for hemlock and Douglas fir timber have almost doubled in the last year. "There is 100 percent inflation in this industry," Mr. Sweeney says, "and if you own those trees and prices have doubled, your profits are going to rise dramatically."

Some analysts believe that inflation may be different this time around. Past inflationary periods were driven by scarcity in commodities like oil, they say, but the next bout of inflation will see shortages in end product areas like paper, chemicals, steel and semiconductors — industries currently operating at or near capacity. Companies in those industries, they believe, would be the best inflation plays.

"The shortages will likely be in manufactured products," says Jon

May Market Scoreboard

Table with columns for Percent Change, Price, and May 31. It lists market performance for New York Stock Exchange, American Stock Exchange, Over the Counter, London Stock Exchange, and Tokyo Stock Exchange.

S. Fossil, president of the Oppenheimer Management Corp. "So it makes sense to invest in stocks that are going to have increased profit margins and those that can benefit from expansion, modernization and upgrading." Many of the industries most likely to hold their own during an inflationary period are the same ones enjoying increased global competitiveness thanks to the lower dollar and streamlined operations that would include sectors like chemicals, agriculture and oil services.

"These companies are going to do well even if there isn't increased inflation," said Charles Clough, chief investment strategist at Merrill Lynch. Mr. Clough likes such oil-service companies as Schlumberger and Dresser Industries and such industrials as Caterpillar Tractor.

Indeed, experts warn that investing in beat inflation can be risky if central banks try to fight inflation by raising interest rates. The stock market has not welcomed recent indications that the Federal Reserve is tightening credit. Moreover, there are many others on Wall Street who believe that the recent signs of increased inflation are misleading. They are encouraged by lack of significant increases in wages.

Still, even those who are not concerned about inflation now say sharp increases in commodity prices and wages would cause them to worry. Should these indicators appear, they say, individuals should move away from summer stocks and bonds, and retail banks, because sectors would be the hardest hit.

Some investment professionals still prefer tangible assets such as precious metals and other commodities as hedges against inflation. Allen Sinai, chief economist of the Boston Co., suggests a new hedge could be made: currencies of foreign countries like Japan and West Germany. Inflationary pressures are less than there, a foreign currency should provide a better return.

© 1987 The New York Times

James Bond? No - I said Danish Bond!

Send the coupon today and learn how you might get 22% p.a. tax free - by investing in Danish Bonds through NORTH STAR.

Coupon form for North Star Danish Bonds, including fields for name, address, and telephone number.

BE A WINNER!

Play Lotto 6/49—Canada's Favorite Government Lottery. Pick your own "Lucky Numbers" when you play. Record price of \$13,890,588.80—all CASH—TAX FREE!

HOW YOU CAN WIN BIG

For years Canadians have been striking it rich in Lotto 6/49—Canada's most popular lottery. In fact, last year Lotto 6/49 paid out over \$500 Million dollars in prizes! Almost every week new millionaires are being made by playing this fantastic game. The jackpots (1st prize) regularly surpass \$10,000,000 per draw and have gone as high as \$13,890,588. That record prize was won by Lillian and Stewart Kelly, pictured below, and still stands as one of the world's largest all-cash lottery prizes ever awarded.

Now, thanks to Canadian Overseas Marketing's unique subscription service, you too have the chance to win a multi-million dollar prize.

MULTI-MILLION DOLLAR PRIZES

Here are some examples of the fantastic jackpots being awarded by Lotto 6/49:

- Lillian and Stewart Kelly - \$13,890,588.80
Mohamed and Nurah Samji - \$1,066,864.20
Ron and Val Taylor - \$1,072,326.70
Jean Visu - \$1,011,804.60
Carrie and Derek Stockley - \$ 7,789,787.60
Doug and Loraine Clark - \$ 7,059,893.70

And that's just for first prize. There are many \$Millions more paid out in subsidiary prizes. With five prize categories in all and thousands of prizes won in every draw, it's as if you can't miss!

GOVERNMENT GUARANTEED LOTTERY

Lotto 6/49 is an official lottery operated by the ten Provincial Governments of Canada. It's called Lotto 6/49 because six winning numbers from a total of forty-nine are selected each draw. If the six numbers chosen match the six numbers you are playing, you win the jackpot. In addition to the six regular winning numbers chosen, there's one additional number drawn called

the "bonus number". If you have any five of the six regular winning numbers correct plus the bonus number, you win second prize. Any five, four, or three of the regular winning numbers correct wins you third, fourth, or fifth prize respectively.

There's a new draw twice each week (on Wednesday and Saturday), every week of the year. The jackpot is guaranteed to be not less than \$1 Million dollars in each draw. And if the jackpot is not won in the current draw, that prize money is carried over and added to the jackpot for the next draw, growing until it's won!

YOU PICK YOUR OWN NUMBERS

Besides the enormous prizes to be won, the best thing about Lotto 6/49 is that you pick your own numbers. So, instead of just buying a ticket, you really do play this lottery. Many people feel they have certain personal lucky numbers or numbers that have a special significance to them, such as birthdays or anniversaries. Still others look for statistical patterns in the numbers selected. But whatever method you use, you'll find it much more exciting to play the lottery that lets you enter your own numbers.

IT'S EASY TO PLAY

All you do is complete the attached order form and send it to Canadian Overseas Marketing along with the necessary payment. We will enter your numbers for the specified length of your subscription. You may select from 1 to 6 games for 10, 26, or 52 weeks. Indicate exactly six numbers between 1 and 49 for each game you wish to play. Each game gives you another chance at the grand prize for every draw in which you are entered.

You receive a "Confirmation of Entry" by return mail acknowledging your order and

indicating the numbers you have selected as well as the draws in which they are entered.

WHEN YOU WIN

You will be notified immediately when you win a prize of \$1,000.00 or more. Also, a complete list of all winning numbers will be sent to you after every tenth draw, along with a statement of your winnings to date. At the expiration of your subscription you will be sent a final statement of your winnings. All prize money will be converted to any currency you wish and confidentially forwarded to you anywhere in the world.

So mail your order today—the next big winner could be you.

ORDER FORM

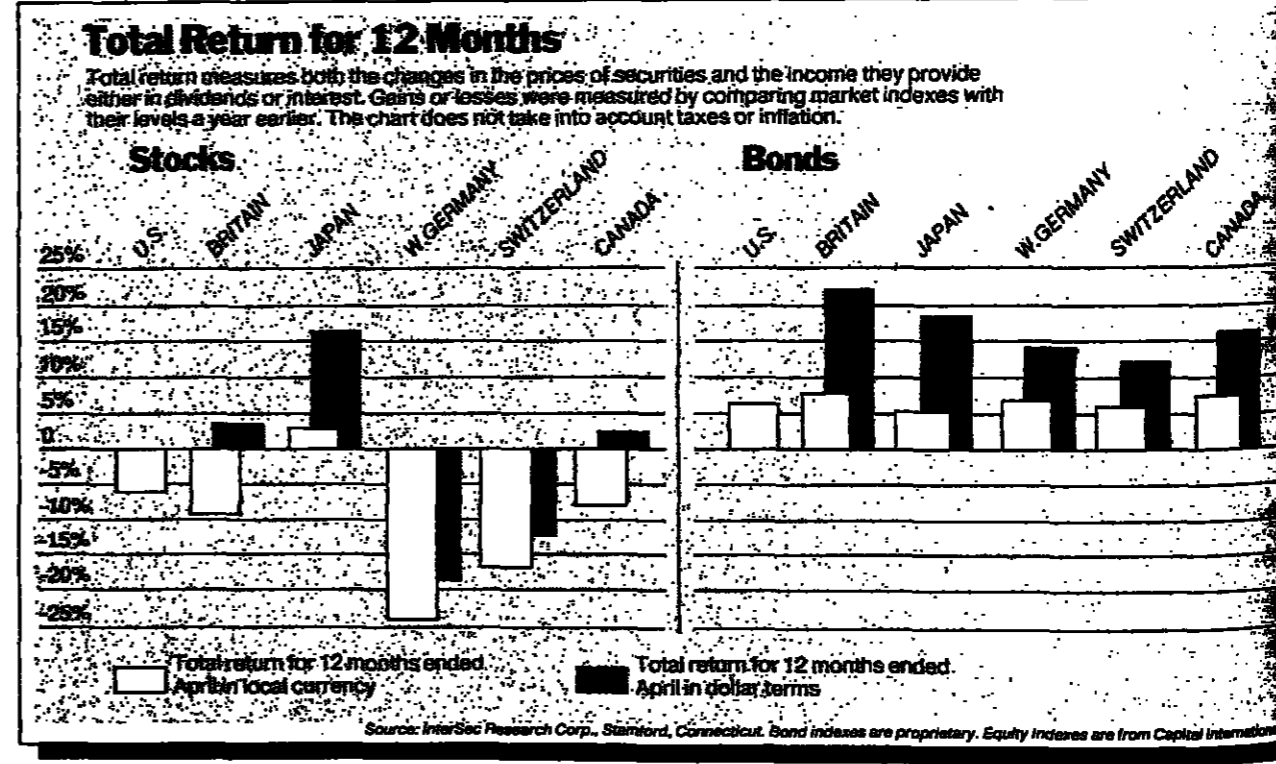
Complete one game board below for each game you wish to play. Select exactly six numbers from 1 to 49 on each game board you are playing. Indicate the number of draws you wish to play and send with the necessary payment to the address below.

FREE BONUS INCLUDES 4 COPIES FREE

Order form grid with columns for 10, 26, and 52 weeks and rows for 1 to 6 games, including prize amounts.

Form fields for Name, Address/PO Box, City, Country, and Payment Method (Mastercard, Visa, etc.).

WIN MILLIONS LIKE THE COUPLE PICTURED BELOW. Includes photo of Lillian and Stewart Kelly and a PRIZE BREAKDOWN table showing prize values for different match levels.



Increase your yield through Private Banking

Advertisement for Jyske Bank Private Banking, detailing investment options, interest rates, and contact information for the bank.

Vertical advertisement on the right edge of the page, partially cut off, mentioning 'Policy' and 'Old Rules'.

CURRENCY MARKETS

Pound and U.K. Policy Are Defying Old Rules

By WARREN GETLER

International Herald Tribune

LONDON — In forecasts hinting at even more difficult times ahead for British monetary planners, a consensus is growing that the pound will remain strong for most of 1988. Such a view seems to defy the conventional wisdom that a country with a widening current-account deficit, such as Britain has faced for nearly two years, will see its currency appreciate in value.

After skidding by about 8 pence to 3.10 Deutsche marks at the beginning of June, the pound has regained its firm tone, rising Friday at 3.125 DM in London. The British currency has been a major focus of international currency speculation since March 7, when the government abandoned the unofficial ceiling of 3 DM that it had maintained for nearly a year.

The pound's brief fall from the mark early this year was attributed to longer-than-expected West German growth figures for the first quarter. Economists now suggest that the German data do not suggest a trend for the entire year.

Several are predicting that the pound will test 3.20 DM or higher before the end of the month and could stay in a range of 3.15 to 3.25 DM for much of the second half of 1988. Goldman, Sachs & Co., the New York investment firm, moved markets last week by forecasting that sterling would push into the range of 3.20 DM, possibly after a temporary dip below 3.10 DM. The firm also said the U.K. economy could remain competitive with the pound as high as 3.27 DM.

Many independent economists are predicting that the deficit in Britain's current account, the broadest measure of a nation's wealth, will widen to \$6 billion (\$11.25 billion) this year and to \$8 billion in 1989, from \$1.68 billion in 1987. That deterioration, they say, eventually will exert downward pressure on the pound, but not until the full picture on balance payments is known sometime next year.

The obvious factor underlying the near-term bullish forecasts for the pound is that British interest rates must remain high to curb swollen domestic demand for credit and resulting inflationary pressures. After two half-point increases so far this month, the Bank of England has raised its base rate to 15 percent, a level that makes British assets relatively attractive. Economists say the rate could climb to as high as 16 percent in the second half of this year, accelerating the currency's rise.

A STRONG pound would pose an acute problem for Nigel Lawson, the chancellor of the Exchequer, who believes that interest-rate cuts and central bank intervention could be used when necessary to brake the currency's rise and protect the British export sector.

That stance put him in conflict this spring with Prime Minister Margaret Thatcher, who has said the market should determine the value of the pound. The prime minister's main worry was that higher interest rates would stimulate domestic demand, triggering a resurgence of inflation. After winning at least temporary relief from Mrs. Thatcher to manipulate rates, Mr. Lawson is now being left with the question of whether he can cut interest rates to help the pound — and above all, protect British exporters — against Western European inflationary pressures seen to be around the corner.

"If Mr. Lawson were really serious about preempting inflationary pressure, he would put base rates back up to 10 percent and then there's a long-term starting appreciation on the chin," said Bill Martin, a senior economist with the London stockbrokers Phillips & Drew.

In any case, "despite our balance of payments problem, we're going to see sterling rising back, perhaps keeping to a 3.15 to 3.20 DM range over the next three months," Mr. Martin said. He also said the pound could rise as high as \$1.90 against the dollar from current levels of \$1.82.

Under Mr. Lawson, economists say, the Treasury appears to have linked a 5-penny appreciation of the pound to a half-point rise in base rates, and conversely, a 5-penny fall to a half-point rise in base rates. The effect of such a move theoretically is neutral: The currency's rise offsets the rate decline.

But many analysts see dangers in tying such a crucial monetary tool as base rates to the weak-by-words whims of the currency minister. Some critics have denounced the action as a dangerous "yo-yo" policy that gives little confidence to corporate planners. They argue that the impact of a 5-penny appreciation is not so broad as that it merits a specific level of rate cut.

Brendan Brown, chief economist with the investment banking firm of National Westminster Bank PLC, said that Mr. Lawson's secret calibration of monetary policy to the exchange rate was flawed because it ignores the more pressing issue: Domestic demand is too strong. Wage demands are persistently high, retail

See POUND, Page 15

Currency Rates

Table with columns: Currency, Bid, Ask, Bid, Ask, Bid, Ask. Includes rates for London, Tokyo, Zurich, Hong Kong, etc.

Table with columns: Currency, Bid, Ask, Bid, Ask, Bid, Ask. Includes rates for various international currencies.

Table with columns: Currency, Bid, Ask, Bid, Ask, Bid, Ask. Includes rates for various international currencies.

Table with columns: Currency, Bid, Ask, Bid, Ask, Bid, Ask. Includes rates for various international currencies.

Table with columns: Currency, Bid, Ask, Bid, Ask, Bid, Ask. Includes rates for various international currencies.

Table with columns: Currency, Bid, Ask, Bid, Ask, Bid, Ask. Includes rates for various international currencies.

Emirates Quit Oil Meeting OPEC Halts Talks Until Tuesday

Compiled by Our Staff From Dispatches

VIENNA — The oil minister of the United Arab Emirates walked out of OPEC's summer meeting Sunday, threatening to undermine the cartel's tentative plan to maintain current production limits to bolster sagging world oil prices.

Ministerial sources said Mana Said al Oteiba left the meeting of the Organization of Petroleum Exporting States because his Gulf state refused to abide by its existing quota. It will join Iraq in remaining outside a formal pact on production, they added.

In a search for a compromise that would put the best face on what several OPEC officials described as a desperate situation, the oil ministers agreed to suspend their official talks until Tuesday so they could privately confer on possible solutions.

In a television interview just before leaving for Rabat, Morocco, Mr. Oteiba said that although OPEC was deeply divided about new output curbs, it was set to extend its current oil production ceiling of 15.06 million barrels a day until the end of the year.

The output pact, reached in December, was to expire at the end of this month.

"The prevailing feeling is that this agreement due to expire will be extended until the organization convenes in December," he said in an interview with Abu Dhabi television taped in Vienna and broadcast in the emirates.

Mr. Oteiba left the meeting Sunday after an auditors report presented at a closed-door session revealed that his nation pumped 1.25 million barrels a day in May, far more than its official quota of 948,000 barrels.

The auditors report identified the United Arab Emirates, Iraq, Ecuador and Iran as the primary cheaters on output quotas, delegation sources said.

Mr. Oteiba flew to Rabat to meet with Zayed bin Sultan al-Nahyan, president of the United Arab Emirates, after the OPEC ministers informally decided to extend the December pact. The accord is aimed at buoying oil prices, currently at \$16 a barrel, to a targeted \$18 a barrel.

Most experts now see oil prices headed for a significant slide in the late summer and early winter.

United Arab Emirates sources said the emirates' deputy oil minister would sit in for Mr. Oteiba when the talks resume Tuesday.

"The conference has given us a quota of 948,000 barrels a day," Mr. Oteiba said in the interview. "This quota is unreasonable and imaginary. However, we would like to reaffirm here our commitment to all OPEC resolutions except the quota issue."

LOS ANGELES — A strong upward pattern in prices of industrial raw materials and other basic commodities in recent months suggests that after years of slumber, inflation is emerging as a factor in the U.S. economy.

The latest evidence that inflation is smoldering just below the consumer level came Friday with a Department of Commerce report showing that wholesale prices, led by food costs, rose at a 5.8 percent annual rate in May.

The government report, combined with vigorous manufacturing activity and soaring prices for such basic materials as plastics and aluminum, has convinced many economists that inflation is departing the 3 percent range of 5 percent and rising toward a level of 5 percent or higher.

In the Department of Commerce report, food prices — which tend to bounce around from month to month — loomed as a key factor behind inflation, at least in the short term. The category jumped 0.9 percent in May, which calculates to a double-digit annual rate, reflecting higher prices for a variety of products including pork, processed chickens, bakery products and vegetables.

Analysts were particularly interested, however, in the potential effects of a two-month drought in the farm belt that threatens this year's harvest of such basic grains as soybeans

McDonald's Is Tackling Paris — Again

Going After The Mantle Of No. 1

By Steven Greenhouse

New York Times Service



After four years of legal battles, the golden arches have reappeared near the Arc de Triomphe.

PARIS — Six years ago, McDonald's here was a model of everything the company tries not to be. In one Paris McDonald's, raw french fries were stored next to trash bags.

To enter the McDonald's near the St. Lazare rail terminal, customers had to pass through the arcade of a porno movie theater.

At a McDonald's on the Champs-Elysees, not only was the land fenced for its raw fries, but the frying oil was the color of crankcase oil and open cans of insect spray stood atop boxes of Big Mac sauce.

"They were really disgusting," said Thomas Affin, the head of development for McDonald's Europe who was called in to turn around the French operation.

"The only thing those restaurants had in common with other McDonald's was the name they had outside the door."

The company sued to oust the Paris franchisee and have all the McDonald's in Paris closed. After a victorious four-year legal battle, McDonald's has re-established itself as one of the most popular French fast-food chains.

Perhaps the most dramatic sign of that recovery was its opening last month of a handsome 400-seat restaurant on the Champs-Elysees, the landmark boulevard that for many is the heart of Paris.

"The world's leading fast-food chain just has to have a restaurant on the Champs-Elysees," said Philippe Henant, a restaurant analyst with GIRA, a French agricultural consulting firm. "It's a symbol for the French market."

Unaccustomed to being an also-ran, the company now is vowing that it will become No. 1 in fast food in France before the end of this year. It is now No. 2, behind Quick, a French chain.

"They're a little irritated by that," said Georges Plasset, president of Quick France.

Being first is a matter that goes far beyond ego. France is the key to McDonald's European strategy, the land famed for its raw fries, six-course lunch is largely untapped for fast food.

McDonald's has 67 restaurants in France, far behind the 270 in Britain and the 270 in West Germany. McDonald's hopes to have 270 restaurants in France, too, in the next five to 10 years.

Not only that, fast food to date represents only 4 percent of commercial meals eaten in France, compared with 12 percent in Britain and 40 percent in the United States.

"France is still early on McDonald's curve because of all the problems with their franchisees," said John Rohn, an analyst with Wertheim Schroeder in New York. "McDonald's feels that France is a market that offers considerable opportunity."

Growth abroad is critical to McDonald's as competition intensifies in the U.S. fast-food market, not only from other hamburger-makers but also from pizza and taco outlets.

"International is one of the key growth areas of the future," said James Cantalupo, president of McDonald's International. "And we're off to the races in France."

McDonald's is already posting a faster rate of growth overseas than in the United States. While 24 percent of the 10,100 McDonald's restaurants are outside the United States, about 40 percent of the 500 restaurants McDonald's opens each year are overseas. That should rise to about half soon.

As for the potential of Western Europe, Mr. Cantalupo pointed out that while its population is 45 percent larger than that of the United States, "We have only one-tenth the number of restaurants in operation there."

Becoming No. 1 — and turning France into a nation of burger eaters — will not be easy.

"For many French people there is an association that good food is French and fast food is American and foreign and bad," said Michel Crozier, a leading French sociologist.

The company, however, is making progress. It has largely overcome the dismal image left by its former franchisee, an image that was so bad that assistants to the mayor of Paris warned the heads of the city's 20 arrondissements.

See MAC, Page 15

Kohl Expects Delay in Goal of Europe Currency

By Ferdinand Prottman

International Herald Tribune

FRANKFURT — The West German chancellor, Helmut Kohl, said Sunday that creation of a European currency union would be discussed at the European Community's summit meeting starting June 27, but as a long-term goal rather than an immediate priority.

Mr. Kohl, who also said that he will push for liberalization of capital flows in the EC, indicated that he considers a common European currency or central bank to be a longer-range possibility, subject to specific West German conditions.

"I am firmly committed to reaching further decisions at the upcoming EC summit in Hanover, such as liberalizing capital flows," Mr. Kohl said here at a symposium commemorating the 40th anniversary of West German currency reform.

"The vision of a European union is most certainly closely bound with that of a European currency union," he said. "For the further development of the European Community, especially the European monetary system, it is thus necessary to keep this ultimate goal in sight."

Mr. Kohl's conservative coalition government has made liberalization of the flow of capital its chief objective for the meetings, and the Bundesbank president, Karl Otto Pöhl, has called it the most important step toward a currency union.

French and Italian financial officials have raised recent objections and some analysts believe no agreement on the issue will be reached in the EC summit meetings scheduled in Hanover, West Germany.

At the symposium, Mr. Kohl also outlined the conditions under which West Germany would accept such a union, and his remarks amounted to a public endorsement of the Bundesbank's stance that a European currency and central bank must not infringe on its independence in guiding national monetary policy.

"Let me add that for me it is self-evident that the thoroughly positive experiences we Germans have had with our conception of the Bundesbank must be the guiding principle for the European development," he said. "Here I mean the obligation to monetary stability."

Currently, however, only a small core of European currencies meet the Bundesbank's conditions, he said, and he listed specific instances of what must change.

"Creating the same prerequisites for all European currencies means removing all controls on capital flows and liberalizing the flows," he said. "It also means abolishing special rules on exchange-rate mechanisms, in other words, reducing the width of the Italian currency range."

Especially, he said, it means the entrance of Britain into the European monetary system.

U.S. Inflation Smoldering Below Consumer Level

By Jonathan Peterson

Los Angeles Times Service

LOS ANGELES — A strong upward pattern in prices of industrial raw materials and other basic commodities in recent months suggests that after years of slumber, inflation is emerging as a factor in the U.S. economy.

The latest evidence that inflation is smoldering just below the consumer level came Friday with a Department of Commerce report showing that wholesale prices, led by food costs, rose at a 5.8 percent annual rate in May.

The government report, combined with vigorous manufacturing activity and soaring prices for such basic materials as plastics and aluminum, has convinced many economists that inflation is departing the 3 percent range of 5 percent and rising toward a level of 5 percent or higher.

In the Department of Commerce report, food prices — which tend to bounce around from month to month — loomed as a key factor behind inflation, at least in the short term. The category jumped 0.9 percent in May, which calculates to a double-digit annual rate, reflecting higher prices for a variety of products including pork, processed chickens, bakery products and vegetables.

Analysts were particularly interested, however, in the potential effects of a two-month drought in the farm belt that threatens this year's harvest of such basic grains as soybeans

and corn at a time when farmers have been taking acreage out of production.

Soybeans, for example, have risen from \$5 a bushel last summer to a current level in the range of \$9 a bushel, said Stanley M. Bedows, a commodity futures trader with the firm of Dean Witter Reynolds in Chicago. Corn has gone up from \$1.50 a bushel to about \$2.50.

Future price increases are 99 percent dependent on weather conditions right now, said Mr. Bedows, noting that the period through August would prove crucial for grain.

"There has been pressure on prices from various sources," said Harold C. Nathan, a vice president and senior financial economist with Wells Fargo Bank in San Francisco. "It's not explosive pressure, but I think we'll see continued upward momentum."

The momentum arises in large part from a robust U.S. manufacturing sector. With the aid of a weaker dollar, many factories are running at levels not observed in years. Moreover, there are signs that the three-year fall in the dollar's value is being reflected in higher import prices. Clothing prices, for example, which include huge import volumes, rose an extraordinary 2 percent both in March and April.

Few experts foresee the kind of rampant inflation that raged in the late 1970s. Labor costs have risen only modestly this year. As U.S. companies battle to regain their competitiveness, they do not inevitably pass price in-

NOTICE OF INVITATION TO TENDER FOR ENHANCEMENT OF INTERNATIONAL SERVICES FOR EMPRESA PUBLICA DE TELECOMUNICACOES (EPTEL) OF THE PEOPLES REPUBLIC OF ANGOLA

The project is for the enhancement of the international telecommunications Service and is to be funded by the African Development Bank. Tenders are invited internationally for the following lots:

- 1. A Stored Program Controlled Digital International Telephone Exchange.
2. A Stored Program Controlled Digital International Telex Exchange (with associated Packet Switching and Data Communications Equipment).
3. Enhancement of a Standard T Earth Station.
4. A Microwave Route with associated Transmission Equipment.

Four separate tender documents for each of these parts of the project will be available from 15th June 1988 at:

Angola Project Office - Room A307, British Telecoms, Avenida House, Hayes Road, Southall, Middlesex UB2 5HL. Tel: +44 1 843 2411. Telex: 24114 (BTIAL G). Fax: +44 1 571 7244

The tender documents will only be made available to official tenderers' representatives in possession of an official company letter upon full identification of the potential tenderer and presentation of a payment of £200 in sterling for each lot required, payable by bankers draft in favour of British Telecoms.

Tenders must be delivered as directed in the Invitation to Tender. Documents to arrive not later than Midday on the 7th September 1988. Tenderers will be notified in writing or by telex of the place, date and time of the opening of tenders.

BUSINESS SCHOOL LAUSANNE Evening M.B.A. Program. Electives available in Business Policy, Ethics, Money & Banking and Global Marketing. Also M.A. in M.L.E. Classes start August 8th, 1988 at 6 pm. Contact: Admissions Office, 38 rue de Bellerive, P.O. Box 2290, 1002 Lausanne, Switzerland. Tel: 021 77 38 33.

COMPLETE AIRCRAFT MANAGEMENT SYSTEMS. Executive Charter, Management, Crewing, Refurbishment, Flight Operation, Ground Handling, Aircraft Sales, Parts Sales, Consulting, Financing. BASEL BOSTON DENVER DUSSELDORF GENEVA JEDDAH KASSEL MALAGA MORRISTOWN MUNICH PORTSMOUTH RIVADH SAARBRUCKEN SENA WEST PALM BEACH ZURICH. EUROPE ZURICH 01 916 43 48 USA BOSTON 617 274 91 40

The international trading house active in pulp, paper, machinery, chemicals, timber, building material & steel, textiles, foodstuffs, consumer goods. Sub-offices in Barcelona, Basel, Beijing, Bombay, Buenos Aires, Copenhagen, Dammam, Geneva, Hamburg, Helsinki, Hong Kong, Jakarta, London, Melbourne, Milan, New York, Paris, Sao Paulo, Singapore, and Tokyo. Sales agents in 110 countries. Forsta Langatan 17, S-413 80 Göteborg, Sweden. Tel: +46 31 12 67 35, Telex 2530. ELOF HANSSON

Last Week's Markets. All figures are as of close of trading Friday. Stock Indices: NYSE 2,819.71, Dow Jones 2,671.39, Nikkei 17,824.24, FTSE 100 271.26, DAX 3,342.20, Nikkei 17,824.24. Money Rates: US\$ 1.848, UK£ 1.444, JPY 148.20, DM 2.215, SFR 167.20, HK\$ 7.75, NZ\$ 1.27, AUD 1.51, CAD 1.27, CHF 1.51, SEK 1.36, NOK 1.36, DKK 1.36, MYR 2.34, SGD 1.36, THB 50.00, PHP 48.00, IDR 1,600, INR 16.00, BRL 2.00, MEX 16.00, CNY 8.27, HKD 7.75, NZD 1.27, AUD 1.51, CAD 1.27, CHF 1.51, SEK 1.36, NOK 1.36, DKK 1.36, MYR 2.34, SGD 1.36, THB 50.00, PHP 48.00, IDR 1,600, INR 16.00.

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30

Prices may vary according to market conditions and other factors.

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con, Mat Price, Yld, and various regional sub-sections like Australasia, Canada, and Japan.

Mutual Funds

Table of Mutual Funds with columns for Fund Name, Bid, Ask, and various performance metrics.

United Kingdom

Table of United Kingdom bond prices, including columns for Issuer, Con, Mat Price, Yld, and various regional sub-sections like A & T, Europe, and Non-European.

DM Zero Coupons

Table of DM Zero Coupons bond prices, including columns for Issuer, Con, Mat Price, Yld, and various regional sub-sections like Austria, Belgium, and Denmark.

Dollar Zero Coupons

Table of Dollar Zero Coupons bond prices, including columns for Issuer, Con, Mat Price, Yld, and various regional sub-sections like Austria, Belgium, and Denmark.

DM Straights

Table of DM Straights bond prices, including columns for Issuer, Con, Mat Price, Yld, and various regional sub-sections like Austria, Belgium, and Denmark.

NYSE Most Actives

Table of NYSE Most Actives stock prices, including columns for Vol, High, Low, Last, and various stock symbols.

AMEX Most Actives

Table of AMEX Most Actives stock prices, including columns for Vol, High, Low, Last, and various stock symbols.

WestLB advertisement for Fixed Income and Equities Trading, featuring the WestLB logo and contact information for various international offices.

Handwritten signature or scribble at the bottom of the page.

New International Bond Issues

Compiled by Bassam Aoun

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Includes sections for Rating Rate Notes, Fixed-Coupon, and Treasury Bonds.

Paris Club Agrees on Yugoslav Debt

Finance Secretary Svetozar Rikanovic, is satisfied with the agreement, although they did not obtain all they had expected, the report said.

The agreement, rumored since last week, reschedules Yugoslav debts and interest due between April 1, 1988, and June 30, 1989.

The agreement also provides for the possibility of medium-term re-scheduling, until 1995, of debts amounting to nearly \$4 billion.

U.S. Rates Appear Stable But Calm Could Be Brief

NEW YORK — Conditions that have enabled long-term U.S. interest rates to stabilize at around 9 percent should remain in place for the next few weeks, according to credit market analysts.

The pressure of higher levels of inflation is likely to reassert itself as a force in the market later on this summer, pushing rates higher once again, they say.

Market participants cite a number of reasons to support the case that interest rates are likely to remain fairly stable for the moment anyway.

Among them are a dollar that has not lost or gained more than about 1 percent of its value against key foreign currencies since the start of the year, and that shows little sign of altering that pattern anytime soon.

The market also has benefited from favorable supply conditions as well as a steady increase in retail buying by both domestic and foreign customers.

One of the great prods under the bond market right now is renewed interest by foreigners in the dollar, said Lawrence A. Kudlow, chief economist at Bear Stearns & Co. Inc.

Analysts at Salomon Brothers reported in the firm's weekly "Comments on Credit" that according to preliminary data, private foreign purchases of U.S. government securities exceeded \$7 billion in the first quarter, the strongest showing since the second quarter of 1986.

Finally, the Federal Reserve Board, which moved to tighten monetary policy three times between March and May, appears satisfied with its recent steps.

"Our clients think things look pretty good for the near term," said John Lilley, an economist at MMS International, a financial forecasting and consulting firm in Redwood City, California.

"Through the remainder of June and perhaps into July we can expect to see this good tone in the marketplace," said Michael J. Moran, chief economist at Daiwa Securities America.

"Higher capacity use seems to be pushing the economy above the levels at which it can grow without fueling inflation," he said.

Indeed, while market participants shrugged off another rise in commodity prices and a report showing that wholesale prices posted a slightly worrisome increase in May, the fear of inflation seems to be the biggest single impediment to a further rally.

In spite of the positive factors mentioned, yields on the Treasury's 9 1/2 percent bonds maturing in 2018 were stuck by the end of last week at 9.03 percent, the level they

U.S. Consumer Rates

Table with columns: Item, Rate. Includes Treasury Bonds, Money Market Funds, Bank Money Market Accounts, Bank Rate Money Index, Home Mortgage FHLD average.

Baker Rejects French Plan

WASHINGTON — The U.S. Treasury secretary, James A. Baker 3d, said Sunday that he does not expect the United States to follow a French suggestion to forgive part of the developing world's debt.

Asked about the U.S. answer to the French plan, which will be formally proposed at the economic summit in Toronto starting June 19, Mr. Baker said in an ABC interview: "We can't forgive debts without going to Congress and asking for an appropriation."

Mr. Baker, however, reaffirmed his call for help to the poorest African nations, as opposed to middle-income Latin America countries. President Francois Mitterrand has said that France plans to go ahead with its plan despite the reaction at Toronto.

Mr. Baker also said that he had no plans to leave the administration to join Vice President George Bush's bid for the presidency.

Yugoslavia's total foreign debt stands at about \$20 billion.

reached at the end of a furious rally during the week of May 30, which began with a holiday.

"I can see the long bond dipping a bit below 9 percent, but that's it," Mr. Moran said.

The tight supply conditions that have contributed to the price improvement in the government securities markets are also prevalent in other debt markets, including the one for high-yield junk bonds. But that condition may be changing.

The issuance of junk bonds, which all but dried up after the October stock market collapse, recently has been staging a slow, tentative recovery.

Through May, the volume of corporate bonds and notes rated by Moody's Investors Service has fallen by 18.6 percent from a year ago. Most of that overall decline results from a 55.5 percent drop in the public issuance of new junk bonds.

Last month, however, nearly \$3 billion of new high-yield debt was issued, the highest monthly total since \$3.62 billion were issued in September.

"Barring a new equity calamity or the re-emergence of recession worries, new speculative-grade debt should continue to pour into the market," said John Louks, an economist at Moody's.

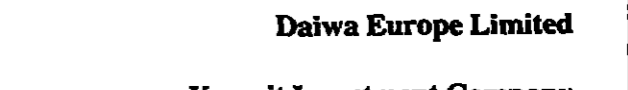
Although a host of new economic data are scheduled to be released this week, including U.S. merchandise trade figures for April, current conditions in the market are so favorable right now that analysts are not expecting the reports to have much impact on bond prices.

Copies of the bids instructions are available at one of the following locations:

- * Aramco Sales Unit, Building 3122, Room 111, Dhahran, Saudi Arabia. Tel: 874-7586 or 874-7655, Tlx: 801928/1 ARMS SJ
- * Aramco Affairs Office, Nasiriyah Street, opposite King Faisal Specialist Hospital, Riyadh, Saudi Arabia, Tel: 441-0200
- * Aramco Purchasing Office, Hada Center, Hada Street, Sharafiyah, Jeddah, Saudi Arabia. Tel: 653-4655

The items are available for viewing until July 3, 1988. Viewing to be arranged through Aramco Sales Unit in Dhahran.

(S-3-88) Bid closing date is July 4, 1988.



NEW ISSUE These Notes having been sold, this announcement appears as a matter of record only. MAY, 1988

BFCF Banque Francaise du Commerce Extérieur

¥25,000,000 4 3/4 per cent. Notes due 1993

Unconditionally guaranteed by The Republic of France

Issue Price 101 3/4 per cent.

IBJ International Limited

Bank of Tokyo Capital Markets Group Bankers Trust International Limited

Banque Bruxelles Lambert S.A. Banque Paribas Capital Markets Limited

BNP Capital Markets Limited Crédit Lyonnais

Credit Suisse First Boston Limited Daiwa Europe Limited

Dresdner Bank Aktiengesellschaft Kuwait Investment Company

LTCB International Limited Mitsubishi Finance International Limited

Mitsubishi Trust International Limited J.P. Morgan Securities Ltd.

Morgan Stanley International Nippon Credit International Limited

Nomura International Limited Société Générale

SBCI Swiss Bank Corporation Investment banking S.G. Warburg Securities

Yasuda Trust Europe Limited

Euromarts At a Glance

Table with columns: Country, Yield, Maturity. Lists various European government bonds.

Weekly Sales

Table with columns: Country, Sales. Lists weekly sales figures for various countries.

Libor Rates

Table with columns: Term, Rate. Lists London Interbank Offered Rates for various terms.

Treasury Bonds

Table with columns: Maturity, Bid, Ask, Yield, Price. Lists Treasury bond data.

Turkey Limits Foreign Loans

ISTANBUL — Turkey tightened its rules Sunday on overseas borrowing in an attempt to reduce its foreign debt.

POUND: Strength Seen for 1988

(Continued from first finance page) sales jumped in the first quarter and monetary growth is over target, he noted.

run an independent monetary policy and instead have to tie itself to the West Germany economy? If Germany can have an independent monetary policy, based on a narrowly defined domestic monetary aggregate, why can't Britain?"

West... outside Lands...

WORLD STOCKS IN REVIEW / Via Agence France-Presse

NEW YORK — Prices on the New York Stock Exchange made an impressive advance last week, although the Dow Jones industrial average stopped short of an all-time high...

Analysts attributed the recovery to previous gains on Wall Street. The market was encouraged by a slight slowdown in the rise in U.S. interest rates and a firming in the dollar.

Frankfurt Prices scored a modest gain on the Frankfurt Stock Exchange, with the Commerzbank index up by 9.9 points to a finish of 1,417.7.

Volume on the eight West German stock exchanges totaled 20.02 billion Deutsche marks, up from 15.93 billion the previous week.

Hong Kong Prices on the Hong Kong Stock Exchange rose steadily last week, with the Hang Seng index posting an impressive gain of 79.07 points to 2,647.42.

London Prices followed an irregular upward path on the London Stock Exchange in a week marked by worries about the pound and the prospects for British interest rates.

Paris Prices on the Paris Bourse chalked up another gain, seemingly unconcerned about the results of an impending final round of legislative elections Sunday.

and insurance sectors. The week ended on a dull note.

Milan Trading on the Milan bourse was marked by caution last week, with stock prices managing only a slight gain.

Singapore Bouts of profit-taking on the Singapore stock market were well absorbed last week, with the Straits Times Industrial Index gaining a hefty 22.53 points to end Friday at 1,046.43, a high for the year.

Tokyo Prices on the Tokyo Stock Exchange soared to record levels last week, with the Nikkei stock average breaching the 28,000 yen level for the first time before closing the week below that threshold.

Zurich Stock prices in Zurich managed a slight overall gain last week in hesitant trading. The Credit Suisse index finished at 455.3, against 452.5 the previous Friday, while the Swiss Bank Corp. indicator ended at 505 against 500.

percent below the level they had reached just before the October stock market collapse. The Bourse indicator has risen 31 percent since the start of the year.

The average had topped 28,000 at the close of a day's trading. The TSE index of all common stocks listed on the first section gained 22.41 points over the week to 2,199.92.

Trading was extremely heavy at an average daily volume of 2.08 billion shares, up from 1.76 billion the previous week. Turnover amounted to 2.6 billion shares Thursday, the second-biggest single-day total since 2.83 billion shares changed hands on March 27, 1987.

The value of stocks traded last week swelled to 1.725 trillion yen, from 1.42 trillion yen.

Kumotshi Hasegawa, a dealer at Dai-ichi Life Insurance Co., predicted that the Nikkei average would reach 30,000 this month.

It also would prohibit the funds from using the fees to pay expenses that were incurred in earlier years.

SEC officials said that annual fees covering certain sales and promotional expenses ranged from two-tenths of 1 percent to 1.25 percent and were employed by about 1,120 funds, or about 52 percent of all mutual funds.

WASHINGTON — The Securities and Exchange Commission has proposed a rule change that would significantly limit the fees that "no-load," or no-charge, mutual funds can pass on to shareholders.

If adopted, the SEC rule proposed Friday would prohibit mutual funds that charge so-called 12b-1 fees from calling themselves no-load in their sales literature.

It also would prohibit the funds from using the fees to pay expenses that were incurred in earlier years.

SEC officials said that annual fees covering certain sales and promotional expenses ranged from two-tenths of 1 percent to 1.25 percent and were employed by about 1,120 funds, or about 52 percent of all mutual funds.

SEC Plans Curb On No-Load Mutual Funds

WASHINGTON — The Securities and Exchange Commission has proposed a rule change that would significantly limit the fees that "no-load," or no-charge, mutual funds can pass on to shareholders.

Amsterdam Prices on the Amsterdam Stock Exchange posted a modest gain last week, with the ANP-CBS general share index ending to only 254.5 by Friday's close in 249.2 a week earlier.

IAC: After Debacle, U.S. Fast-Foods Giant Takes Another Run at Paris

McDonald's is to beware of McDonald's dining in their neighborhoods. It faces stiff competition from other chains, not only from its perennial rival, Burger King, but also from Quick and Freetime, another aggressive French hamburger company.

In addition, France's 86,000 traditional cafes and bistros, while on the fast-food challenge, are growing companies that are fast-food a la francaise, such as Croissanterie, which offers sandwiches on a croissant.

McDonald's headquarters in Brook, Illinois, company officials say the biggest obstacle to with in France is the tight real estate market. That, they say, is the main reason McDonald's has not expanded as rapidly as it has in the United States.

McDonald's officials complain it takes years and the wealth of the XIV to get good sites. Some industry officials estimate that McDonald's had to pay more than \$6 million to take over the lease for its Champs-Elysees restaurant, its first in Paris area.

McDonald's has recovered in part by following the tried-and-true formula it has used around the world. "We're trying to use the McDonald's system of doing things, we've tried to add a French touch to it," said Robin Hedges, 34-year-old Virginian who is president of McDonald's France.

workers or peasants in fast-food restaurants in France," said William Moore, president of Freetime, the French burger chain. "For them, being in a fast-food restaurant is a little like being on the moon."

Fast food in France is not cheap. In the view of Mr. Hensant, French fast food is not such a bargain — a Big Mac, small fries and milk shake cost 30.50 francs or about \$5.25.

On the positive side, according to Freetime's Mr. Moore, "it provided a good opportunity for all competitors to make mistakes. If McDonald's was there, the margin for error would have been greatly reduced."

In developing their post-Dayan strategy, McDonald's officials quickly focused on the family. Traditionally, children hated stuffy French restaurants as much as the restaurants hated having the children.

Other fast-food chains have adopted different strategies. The largest, Quick, which grew rapidly in 1986 when it purchased 20 former McDonald's restaurants from Mr. Dayan, has 81 outlets. Its sales last year were \$114 million. It hopes to stay ahead by putting units in shopping center parking lots.

Freemtime, with 44 restaurants and sales last year of \$70 million, attracts a young adult crowd and has added a French touch with such items as a "longburger," a rectangular hamburger on a baguette-like bun.

Also, there is Burger King with 15 restaurants in the Paris area and 1987 revenue of \$30 million.

Such worries are overblown, according to Mr. Ailin. "Our message is we're a new choice on the market; we're another alternative. We're not trying to replace French cuisine. That's not possible."

For McDonald's, the comeback would be the same meal in New York while cost \$4.30.

Executives in the French fast-food industry acknowledge that French prices are higher than U.S. prices because of higher labor and real estate costs and an 18.6 percent value-added tax.

Meanwhile, many food critics and restaurateurs fret that the increasing popularity of fast food will ultimately render the French palate less sophisticated, and thereby undermine France's tradition of haute cuisine.

Such worries are overblown, according to Mr. Ailin. "Our message is we're a new choice on the market; we're another alternative. We're not trying to replace French cuisine. That's not possible."

For McDonald's, the comeback would be the same meal in New York while cost \$4.30.

Executives in the French fast-food industry acknowledge that French prices are higher than U.S. prices because of higher labor and real estate costs and an 18.6 percent value-added tax.

Meanwhile, many food critics and restaurateurs fret that the increasing popularity of fast food will ultimately render the French palate less sophisticated, and thereby undermine France's tradition of haute cuisine.

American Exchange Options

Table of American Exchange Options with columns for Option & price, Colls, Puts, and various stock symbols.

Table of American Exchange Options with columns for Option & price, Colls, Puts, and various stock symbols.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table of NASDAQ National Market with columns for Sales in 100s, High, Low, Close, and various stock symbols.

Table of NASDAQ National Market with columns for Sales in 100s, High, Low, Close, and various stock symbols.

Chicago Exchange Options

Table of Chicago Exchange Options with columns for Option & price, Colls, Puts, and various stock symbols.

Table of Chicago Exchange Options with columns for Option & price, Colls, Puts, and various stock symbols.

Advertisement for CHIVAS REGAL featuring a bottle of whisky and the slogan "If you don't deserve it, who does?"

MONDAY SPORTS

NBA Game 3: Defense

By Andrew Cotton

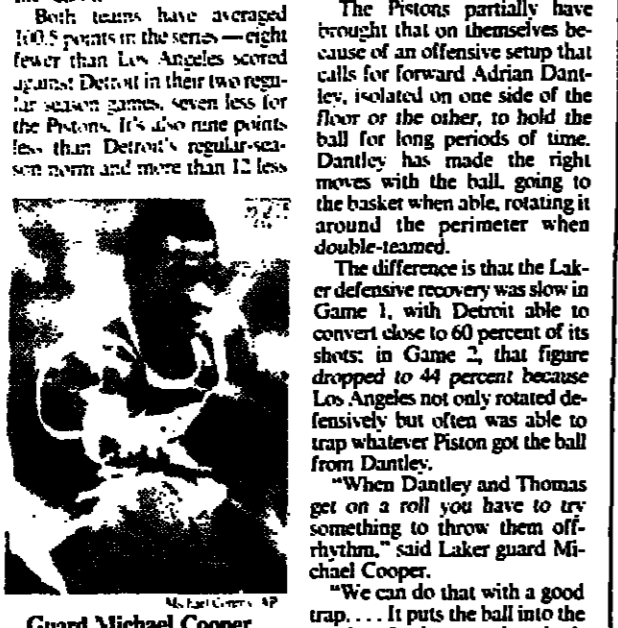
PONTIAC, Michigan — There was a time when the idea of a National Basketball Association championship series between Los Angeles and Detroit sent the mind racing in anticipation of wild, 120-minute double-overtime shootouts.

But in reality, the team that won Sunday's Game 3 for a 3-1 lead in the best-of-seven series was likely to have done so because of what it did when the ball wasn't in its possession.

"We're down eight or nine points from what we usually score. Laker Coach Pat Riley said Saturday, 'And a couple of years ago, the Pistons were one of the top scoring teams, so they've definitely changed.'"

Perhaps it's not so much only the Lakers and Pistons changing, but defense — and teams' approach to it — that has Assistant coaches from the Lakers and Pistons were on hand to observe the potential opposition throughout the NBA conference finals. In-depth scouting is done familiarly. So, during the first two games of the championship series, it was difficult for either side to do much in terms of running patterns, getting into favorable positions on the court or accomplishing what might have come easier earlier in the season.

Both teams have averaged 100.5 points in the series — eight fewer than Los Angeles scored against Detroit in their two regular season games, seven less for the Pistons. It's also nine points less than Detroit's regular-season norm and more than 12 less



Guard Michael Cooper... A change of rhythm.

Lakers Win 2d

By Andrew Cotton

PONTIAC, Michigan — The Los Angeles Lakers beat the Detroit Pistons, 99-86, Sunday afternoon to take a 2-1 lead in the NBA championship series.

The Lakers' defense was now devised to thinking and reacting. Riley said, "Everybody takes away your best stuff. We used to get a lot of points off of made shots by opponents, just by advancing the ball early."

"For a couple of years, nobody defended our fast break off of their made shots. They said 'We have to get back,' but now teams do things tactically to really disrupt it. They get up and play us full court... Magic (Johnson) is getting picked up full court by Pistons guard Joe Dumars and twisted and turned."

At the other end, the Los Angeles defense has been good enough to hound Detroit into at least three 24-second violations. Isiah Thomas was 5-for-14 from the floor in Game 2, but on Saturday he said that only nine of his attempts were real shots — "the rest were desperation."

The Pistons partially have brought that on themselves because of an offensive setup that calls for forward Adrian Dantley, isolated on one side of the floor of the other, to hold the ball for long periods of time. Dantley has made the right moves with the ball, going to the basket when able, rotating it around the perimeter when double-teamed.

The difference is that the Laker defensive recovery was slow in Game 1, with Detroit able to convert close to 60 percent of its shots. In Game 2, that figure dropped to 44 percent because Los Angeles not only rotated defensively but often was able to trap whatever Piston got the ball from Dantley.

"When Dantley and Thomas get on a roll you have to try something to throw them off-rhythm," said Laker guard Michael Cooper.

"We can do that with a good trap... It puts the ball into the hands of players who don't want to get the ball."

Irish Stun English, Soviets Defeat Dutch

Compiled by Our Staff From Dispatches

STUTTGART — Ireland, playing in its first major soccer tournament, posted a major upset Sunday by defeating England, 1-0, at the European Championships.

In Cologne, the Soviet Union survived a first-half Dutch offensive and struck back with a goal in the 53d minute by Vasil Rats to edge the Netherlands, 1-0, Sunday night.

Spain had beaten Denmark, 2-2, Saturday in Hannover to take the lead in Group I of the tournament. West Germany and Italy played to a scoreless tie Friday in the first of that group's matches. The two top teams from each of the two four-team groups advance to the semifinals.

"We knew this will be a very difficult match for us, but we didn't expect it would be this difficult," said England's manager, Bobby Robson. "To stay in the competition we will have to do much better in our next matches."

The only goal of the contest was scored by Ray Houghton in the sixth minute, but it gave a memorable victory to his team's manager, Jack Charlton, who had helped win the 1986 World Cup with England.

The rest of the match, Charlton said, was "the longest 84 minutes of my lifetime." He added: "We got away with a lot of things today that made me think someone up there likes us."

Houghton scored following a comedy of errors by the English.

Gary Stevens and Mark Wright, as both tried for the ball, got in each other's way and allowed Ireland's Tony Galvin to get in a left-wing cross that Kenny Sansom should have cleared. But he only popped the ball into the air and John Aldridge beat Tony Adams to it, headed it sideways and Houghton, his Liverpool teammate, scored with a header so perfectly placed that goalie Peter Shilton was left stranded.

Ireland's tactics of crowding the midfield and playing tight on its opponents' back four kept England from mounting a single really penetrating attack the first half.

But after the break the English wasted no time in going for the tying goal. Their best scoring chance yet came in the 48th minute when Sansom's long pass got Gary Lineker free. But goalie Pat Bonner blocked the shot and fellow striker Peter Beardsley, following up, put the rebound over the bar.



Ray Houghton, who scored Ireland's goal in the contest's sixth minute, then had to survive happy teammate Ronnie Whelan.

blocked by Bonner. The goalie excelled again when he smartly saved a shot by English captain Bobby Robson. Then he denied Lineker again, blocking the ball with his legs. Next, Hoddle was a fraction off with a spectacular volley from Beardsley's corner. And, as the Irish defense stiffened, John Barnes failed with a low drive.

But Bonner produced his best save of the game in the last minute, keeping out a close-range header from Lineker after a free kick.

Bonner now has not conceded a goal in eight matches, or more than 12 hours of soccer.

Holland dominated the scoreless first half against the Soviet Union. Rudi Gullit and Frank Rijkaard, his boyhood friend and new teammate at Italian champion AC Milan, and PSV Eindhoven's Gerald Vanenburg were involved in almost every Dutch move. Gullit, typically, covered the pitch, and was back to head away a corner clear moments after being involved in an attack at the other end.

Only two superb saves from Soviet captain and goalie Rinat Dasayev prevented his team falling behind, while Vagis Chidiyatulin first hacked down Gullit and Gennadi Litovchenko then brought down Rijkaard with hard tackles in an attempt to break the Dutch momentum.

West German referee Dieter Pauly booked Litovchenko for the second offense, in the 22d minute, his second booking of the competition putting Litovchenko out of the match against Ireland on Wednesday. Chidiyatulin became the second Soviet player to be booked, after 39 Wouters' through pass to Gullit.

Gullit, the 1988 European Footballer of the Year, just missed scoring from close range in the 47th minute, after a penetrating cross from Vanenburg left him only Dasayev to beat. Three minutes later, Dasayev made another superb save, tipping John van 't Schip's drive around the post.

Then the Soviets struck. A fast break through the middle put Igor Belanov open, and the 1986 European Footballer of the Year found Rats on the far side of the penalty area with an accurate cross. Rats fired low and hard past goalie Hans van Breukelen.

Dasayev pulled off another fine save in the 62d minute, tipping a third blistering drive from Ronald Koeman over the bar.

In Saturday's match, Spain's Michel opened the scoring in the sixth minute. Michael Laudrup gave Denmark a tie in the 26th, but Emilio Butragueño made it 2-1 in the 54th minute and Rafael Gordillo scored in the 69th. Flemming Poulsen got Denmark's second goal, in the 83d.

Spain, which had eliminated Denmark in the 1984 European Championship and in the 1986 World Cup in Mexico, shocked the Danes early when Michel, who on Saturday extended his contract with Real Madrid until 1994, split a shaky defense on a quick one-two move with Ricardo Gallego, then easily slipped the ball past goalkeeper Troels Rasmussen.

The aging Danes, struggling to find their pace, finally broke through when Laudrup swept past three defenders and blasted a bouncing, left-foot drive from 22 yards (20 meters) past goalkeeper Andoni Zubizarreta.

In the 35th minute, although Michel was brought down by John Sivemark in the penalty area, his poorly placed penalty shot was easily deflected by Rasmussen.

SIDELINES

Senna Breezes in Canadian Grand Prix

MONTREAL (AP) — Brazilian Ayrton Senna, challenged only by McLaren-Honda teammate Alain Prost of France, was the easy winner of Sunday's Formula One Canadian Grand Prix.

Senna covered the 2.73-mile (4.39-kilometer) circuit in 1 hour, 39 minutes and 46.818 seconds, averaging 113.184 mph. Prost was 5.934 seconds behind but maintained his lead in the driver standings.

The McLaren team has won all five races of 1988 — Senna taking two and Prost three.

Two World Track Records Are Broken

LENINGRAD (AP) — Galina Chistyakova of the Soviet Union improved the world record in the women's long jump nearly three inches with an effort of 24 feet, 8 1/2 inches (7.52 meters) at a meet here Saturday.

The old record, 24-3 1/2, had been shared by Heike Drechsler of East Germany and Jackie Joyner-Kersey of the United States.

Saturday night in Casablanca, Moroccan Said Aouita lowered the world record for the two-mile run to 8 minutes, 13.09 seconds. Aouita bettered the mark of 8:13.45 he set last year.

England, Wales Humiliated in Rugby

SYDNEY (AP) — Emphatic Australian victory over England Sunday, after New Zealand routed Wales Saturday, completed a humiliating two weeks for British rugby. The British teams go home whitewashed in two test pieces.

The Welsh defeat Saturday in Auckland, 54-9, confirmed the first test result — 52-3 in Christchurch on May 28. Saturday's was the biggest score ever against Wales. England, after a 22-16 loss in Brisbane on May 29, went down by a record 20-point margin to Australia in Sydney, 28-8.

For the Record

Yuh Myung-woo retained his World Boxing Association junior flyweight title Sunday in Seoul with a split decision over José de Jesus of Puerto Rico.

Jaguar Wins at Le Mans

LE MANS, France — A Jaguar XJR-9 prototype, driven by Dutchman Jan Lammers and Britons Johnny Dumfries and Andy Wallace, won the 56th Le Mans 24-Hour Race Sunday to break a Porsche streak of seven straight victories.

The Jaguar won by less than a lap over the Porsche 962 of West Germans Hans Stuck and Klaus Ludwig and Briton Derek Bell. It was the first time since 1957 that the British carmaker has won the endurance test; it has six victories here, while Porsche has a record 12.

The winners battled with Stuck's Porsche over the last 12 hours with the final margin being less than two minutes on the 8.41-mile (13.53-kilometer) circuit. Averaging better than 137 mph, the Jaguar covered 394 laps and 3,305.94 miles — a mileage total second only to a 3,315.92 of West German Helmut Marko and Dutchman Gijb van Lennep in a Porsche 907 in 1971. The Jaguar and the Stuck

Police Report Arresting 53 Britons

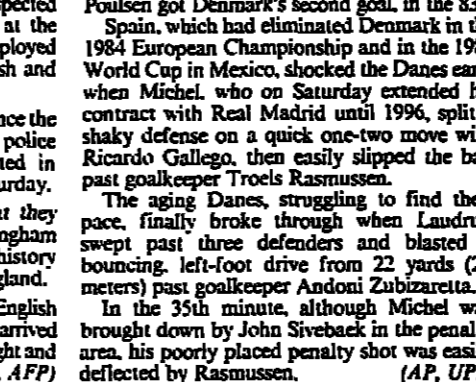
Compiled by Our Staff From Dispatches

STUTTGART — Police arrested 50 rowdy British soccer fans before and during the match Sunday, then arrested three more involved in fights with West German fans in the city center in the evening.

Police said that 45 persons, 44 of them English, had been arrested after midnight when they went on a window smashing spree in downtown Stuttgart and fought in bars. They were charged with a variety of offenses, including vandalism, assault and theft, police said. Many were so drunk that it took several hours to identify them, a British embassy spokesman said.

A police spokesman said it appeared that Germans had incited the fighting Sunday evening, but that officers had managed to detain only the three Britons.

Dennis the Menace



AREN'T YA GLAD I STILL DO HOUSE CALLS?!

JUMBLE

Unscramble these four Jumble words to each require, to form four ordinary words.

LIBOR

NINOO

SWAALY

TOYBUN

Answer here: _____

Friday's Jumble: ESSAY AZURE TOUCHY LEDGER
Answer: He makes a monkey of himself whenever he tries to do little—GURRY A TALE

ACROSS

1 Pind through clouds

5 Fall beverage

10 Buzzy gulf

14 Bussy place

15 Author St. Johns

16 Do K.P.

17 Like — of bricks

18 One-man flights

19 Famed Ferrara family name

20 Unwanted possession

23 Tragedy by Euripides

24 Spotted

25 Necktie fabric

26 Sleep usually

33 "Agent's" Cupid

39 Detroit's Joe Louis Sports

40 Famed scout

43 Up to the limit of

44 Have a meal

45 Jenny

46 Cuddle up

48 What some cars guzzle

50 Frontier lawman

53 Local of Pular and Pih

58 Self-appointed tribunal

62 Seed coating

64 Tropical vine

65 Dust Bowl victim

66 "Rio" —

67 Organic compound

68 Cachet

69 Final word

70 Prophets

71 Puzzier's favorite serif

DOWN

1 Obese's forerunner

2 Suple

3 Egg-shaped

4 People, in Pisa

5 Receptacle

6 Presley was one

7 Removes

8 Wed secretly

9 Dermal outbreaks

10 P.G.A. event

11 Topgallant

12 Talc treasures

13 Society-page word

21 Sound receiver

22 Year's record

26 Wrangler

27 Poke

28 "Jaws" vessel

29 Olds products

31 Funnies

32 Week component

33 Sight on Cape Cod

34 News

35 Gude's —

36 "Mikado" sash

38 Chan

40 Hot cross

41 Fred or Woody

42 Meadow

47 Links delights

49 Pouch

51 Poker play

52 Chatter

54 Sprung part

55 "Put up your —"

56 Of a Great Lake

57 Pillar of stone

58 Buzzard's cousin

59 Paton or Ladd

60 Corker

61 Triforce must

62 Altar on high

63 Brink

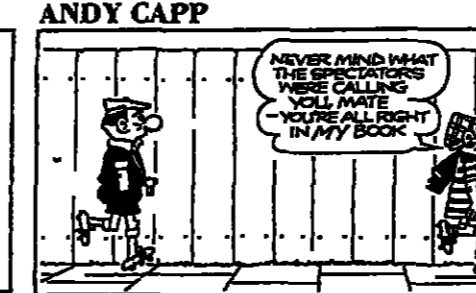
WEATHER

EUROPE	HIGH	LOW	WIND	MOON
Algeria	64	48	W 10	W
Amsterdam	50	48	W 10	W
Antwerp	50	48	W 10	W
Berlin	50	48	W 10	W
Brussels	50	48	W 10	W
Copenhagen	50	48	W 10	W
London	50	48	W 10	W
Madrid	64	48	W 10	W
Munich	50	48	W 10	W
Nuremberg	50	48	W 10	W
Paris	50	48	W 10	W
Rome	64	48	W 10	W
Stockholm	50	48	W 10	W
Vienna	50	48	W 10	W
Zurich	50	48	W 10	W

MIDDLE EAST

Ashdod 26 79 10 50 W

ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



PEANUTS

SPIKE!

HEY BRO! YOU'RE LOOKIN' GREAT!

'GREAT,' OF COURSE, BEING A RELATIVE TERM...

BLONDIE

WOW! WHAT A MURDER MYSTERY!

THIS IS THE SCARIEST BOOK I'VE EVER READ!

IT CERTAINLY SEEMS TO BE AS YOU ON?

BEETLE BAILEY

POOR SARGE, HE MISSED WINNING THE LOTTERY BY ONE NUMBER.

TRY TO BE SYMPATHETIC.

Solution to Friday's Puzzle

SABRAS AMELIA ENRAGED DIAMOND READER INTENSE ARI ORANGES GPS POLLS FOG UNFIT MILO STREP YORE DEBITS REVERE EMU AIR ASLANT ALLENS ANTI SEDGE REEP STEAM RAN BEGAL TOP ICEPAUL ALLI ENSLITS STETTIN RIODELA TAPROOT BANESIT

DOONESBURY



Garfield



Garfield



MONDAY SPORTS

Risen Star Routs Belmont Foes

By Andrew Beyer

Washington Post Service

MONT, N.Y. — In one of the most impressive performances of a 3-year-old since his sire Secretariat retired, Risen Star won Saturday's Belmont Stakes...

that caused him to miss two days of training and a key workout. When he did work a sensationally fast three-eighths of a mile on Friday...

The unequivocal answer came the following afternoon, rewarding Rousel and co-owner Ronnie Lamy with a \$1,303,720 payday...

As soon as the six-horse field broke from the gate, it became obvious that the fast workout was part of a plan to sharpen Risen Star's speed and keep Winning Colors from getting too far ahead...

Risen Star broke alertly, and jockey Eddie Delahoussaye gave him some mid urging to get his mind on his business. Winning Colors, as usual, needed no urging from Gary Stevens to show her natural speed...

Risen Star did it the hard way by hooking the brilliantly fast Winning Colors along the stretch. But he discouraged and raced her into what would be a 41-length last-place defeat...

"because I wanted to lay second," Delahoussaye said. "Then I let the filly go, and I just wanted."

On the backstretch Delahoussaye started urging the big bay colt, asking him to challenge the leader. For a moment the move looked as if it might be premature, a tactical mistake...

Stevens said he thought the rigors of the Triple Crown had finally taken a toll on Winning Colors. "She had a hard campaign," he said...

When Risen Star took command and the filly started to fade, Kingpost was the only horse within striking distance, and the 17-to-1 shot simply was not good enough to make a further impact on the race...

"I got him running a little bit because I wanted to lay second," Delahoussaye said. "Then I let the filly go, and I just wanted."



Catcher Dave Valle pulled out all the stops, and then some, but Minnesota's Dan Gladden still managed to score Saturday in Seattle.

Rasmussen Excels in 1st Start for Padres

Compiled by Our Staff From Dispatches

SAN DIEGO — Dennis Rasmussen struck out 10, his high in the major leagues, pitched a five-inning and drove in a run Saturday night to give his new team, the San Diego Padres, a 2-1 victory over the lately embarrassing Los Angeles Dodgers...

Rasmussen, obtained Wednesday from the Cincinnati Reds, walked one in his second complete game this season, and missed his second shutout because of an unearned run in the sixth inning. In his last start, June 3 for the Reds, Rasmussen had allowed the Dodgers six runs on eight hits in 1 1/2 innings...

"I don't think he was unbeatible tonight," said the Dodgers' Kirk Gibson. "I don't want to discredit his performance, but I think we're better than what we showed. They made three errors and had just five hits and we end up losing. It shouldn't happen."

Scott Misses No-Hitter By 1 Out

The Associated Press

HOUSTON — Mike Scott, one out away Sunday from pitching a no-hitter, then gave up a lined single by Ken Oberkfell as the Houston Astros defeated the Atlanta Braves, 5-0...

It was the sixth time this season a pitcher has carried a no-hitter into the ninth inning only to fail. Scott retired the first two batters in the ninth, but Oberkfell lined a shot that night fielder Kevin Bass had no chance to field. Scott then retired Gerald Perry...

Scott did not walk a batter, but the Astros had made two errors to spoil his chance for a perfect game. He had pitched a no-hitter Sept. 25, 1986, in a game that clinched the National League West Division title, a 2-0 victory over the San Francisco Giants. No NL pitcher has thrown a no-hitter since...

Scott Misses No-Hitter By 1 Out

The Associated Press

HOUSTON — Mike Scott, one out away Sunday from pitching a no-hitter, then gave up a lined single by Ken Oberkfell as the Houston Astros defeated the Atlanta Braves, 5-0...

It was the sixth time this season a pitcher has carried a no-hitter into the ninth inning only to fail. Scott retired the first two batters in the ninth, but Oberkfell lined a shot that night fielder Kevin Bass had no chance to field. Scott then retired Gerald Perry...

Scott did not walk a batter, but the Astros had made two errors to spoil his chance for a perfect game. He had pitched a no-hitter Sept. 25, 1986, in a game that clinched the National League West Division title, a 2-0 victory over the San Francisco Giants. No NL pitcher has thrown a no-hitter since...

Wins at Le...

Pres. he had in a after another. Bob Wolff, Sam and Vern Schaefer, midway through a incidents and came of the race, who e give Mack the nom who had mem from the third on to the second to "I'm not ce tried to do."

BASEBALL

Friday's and Saturday's Major League Line Scores

Table with columns for Day, Team, Score, and Location. Includes games like Boston vs New York, Los Angeles vs Philadelphia, etc.

NATIONAL LEAGUE

Table showing National League standings for East and West divisions, including teams like Atlanta, Cincinnati, and St. Louis.

Major League Standings

Table showing Major League standings for American and National Leagues, including teams like New York Yankees, Los Angeles Dodgers, etc.

TENNIS

Tournaments

Table listing tennis tournaments and results, including Wimbledon, French Open, and Davis Cup.

TRANSITION

Table listing baseball players and their new teams, such as Steve Carlton to the Phillies and Dwight Gooden to the Cubs.

First U.S. Cyclist to Win Italy's 'Giro' Becomes a Favorite for French Tour

By Samuel Abd

International Herald Tribune

VITTORIO VENETO, Italy

"You can't lose a bicycle race," Andy Hampsten likes to insist. "One person can win it, but there aren't 150 losers."

As Hampsten neared final victory, he was acclaimed by Italian racing fans, the tifosi whose hatred of foreigners, to spit on them and threaten them with bodily harm.

Team foresight helped spare Hampsten. "We didn't practice for the weather," explained Ochowicz. "But we knew how to react to blizzard conditions."

Green Leads by 1 In U.S. Tourney

The Associated Press

HARRISON, New York — Ken Green birdied three straight front holes for a 67 that lifted him into a one-shot lead after Saturday's third round of the Westchester Classic golf tournament...

Pulling away from a six-man scramble to lead the rest of the Westchester Country Club course in 206, seven under par. Dick Mast (a 68) and Australian Steve Elkington (69) came on to share second at 207. South African David Frost was at 69-208. Loren Roberts, who led through the first two rounds, slipped to 73-210.

Green Leads by 1 In U.S. Tourney

The Associated Press

HARRISON, New York — Ken Green birdied three straight front holes for a 67 that lifted him into a one-shot lead after Saturday's third round of the Westchester Classic golf tournament...

Pulling away from a six-man scramble to lead the rest of the Westchester Country Club course in 206, seven under par. Dick Mast (a 68) and Australian Steve Elkington (69) came on to share second at 207. South African David Frost was at 69-208. Loren Roberts, who led through the first two rounds, slipped to 73-210.

Green Leads by 1 In U.S. Tourney

The Associated Press

HARRISON, New York — Ken Green birdied three straight front holes for a 67 that lifted him into a one-shot lead after Saturday's third round of the Westchester Classic golf tournament...

Pulling away from a six-man scramble to lead the rest of the Westchester Country Club course in 206, seven under par. Dick Mast (a 68) and Australian Steve Elkington (69) came on to share second at 207. South African David Frost was at 69-208. Loren Roberts, who led through the first two rounds, slipped to 73-210.

Green Leads by 1 In U.S. Tourney

The Associated Press

HARRISON, New York — Ken Green birdied three straight front holes for a 67 that lifted him into a one-shot lead after Saturday's third round of the Westchester Classic golf tournament...

Pulling away from a six-man scramble to lead the rest of the Westchester Country Club course in 206, seven under par. Dick Mast (a 68) and Australian Steve Elkington (69) came on to share second at 207. South African David Frost was at 69-208. Loren Roberts, who led through the first two rounds, slipped to 73-210.

Green Leads by 1 In U.S. Tourney

The Associated Press

HARRISON, New York — Ken Green birdied three straight front holes for a 67 that lifted him into a one-shot lead after Saturday's third round of the Westchester Classic golf tournament...

Pulling away from a six-man scramble to lead the rest of the Westchester Country Club course in 206, seven under par. Dick Mast (a 68) and Australian Steve Elkington (69) came on to share second at 207. South African David Frost was at 69-208. Loren Roberts, who led through the first two rounds, slipped to 73-210.

Green Leads by 1 In U.S. Tourney

The Associated Press

HARRISON, New York — Ken Green birdied three straight front holes for a 67 that lifted him into a one-shot lead after Saturday's third round of the Westchester Classic golf tournament...

Pulling away from a six-man scramble to lead the rest of the Westchester Country Club course in 206, seven under par. Dick Mast (a 68) and Australian Steve Elkington (69) came on to share second at 207. South African David Frost was at 69-208. Loren Roberts, who led through the first two rounds, slipped to 73-210.

Green Leads by 1 In U.S. Tourney

The Associated Press

HARRISON, New York — Ken Green birdied three straight front holes for a 67 that lifted him into a one-shot lead after Saturday's third round of the Westchester Classic golf tournament...

